

## Item 1 – Cover Page

Part 2A of Form ADV: Disclosure Brochure



Braddock Financial LLC

1200 17<sup>th</sup> Street, Suite 1210 • Denver, CO 80202 • T 303.308.6400 F 303.291.1312  
[braddockfinancial.com](http://braddockfinancial.com)

March 29, 2022

This Brochure provides information about the qualifications and business practices of Braddock Financial LLC (“**Braddock**”). If you have any questions about the contents of this Brochure, please contact us at 303-308-6400 or [info@braddockfinancial.com](mailto:info@braddockfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about Braddock is also available on Braddock’s website at [www.braddockfinancial.com](http://www.braddockfinancial.com), or the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Braddock is an SEC registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This section summarizes the material changes to this Brochure made by Braddock Financial LLC (the “Firm”) since the annual filing on March 29, 2021. While there were no material changes since the most recent annual update, we have generally revised and expanded certain information throughout the Brochure to help clients better understand the Firm and the advisory services we offer.

We will provide you with a Brochure if requested based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at (303) 308-6400 or [info@braddockfinancial.com](mailto:info@braddockfinancial.com).

### **ITEM 3 -- TABLE OF CONTENTS**

<b>ITEM 4 – ADVISORY BUSINESS .....</b>	<b>4</b>
<b>ITEM 5 – FEES AND COMPENSATION.....</b>	<b>4</b>
<b>ITEM 6 – PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT .....</b>	<b>5</b>
<b>ITEM 7 – TYPES OF CLIENTS .....</b>	<b>6</b>
<b>ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>6</b>
<b>ITEM 9 – DISCIPLINARY INFORMATION .....</b>	<b>16</b>
<b>ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>16</b>
<b>ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>17</b>
<b>ITEM 12 – BROKERAGE PRACTICES .....</b>	<b>17</b>
<b>ITEM 13 – REVIEW OF ACCOUNTS .....</b>	<b>18</b>
<b>ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>18</b>
<b>ITEM 15 – CUSTODY .....</b>	<b>18</b>
<b>ITEM 16 – INVESTMENT DISCRETION.....</b>	<b>18</b>
<b>ITEM 17 – VOTING CLIENT SECURITIES.....</b>	<b>19</b>
<b>ITEM 18 – FINANCIAL INFORMATION .....</b>	<b>19</b>

#### **Exhibits**

---

**Braddock Financial LLC Privacy Notice**  
**Brochure Supplements**

## **ITEM 4 – ADVISORY BUSINESS**

### **Executive Summary**

Braddock Financial LLC (“**Braddock**”, “**we**” or “**us**”) is an investment adviser registered with the SEC. Braddock was founded in 1994, and currently employs a team of 8 professionals. Braddock is ultimately majority-owned by Harvey B. Allon, with the balance ultimately owned by other members of the Braddock management team.

We offer investment advisory services to private funds (the “**Private Funds**”), investment companies registered under the Investment Company Act of 1940, as amended (“**Registered Funds**”), and institutional clients through separately-managed accounts (“**SMAs**” and together with Private Funds and Registered Funds, collectively “**clients**”).

We focus our advisory services primarily on residential mortgage-backed securities (“**RMBS**”), collateralized loan obligations (“**CLOs**”), and other structured finance securities such as asset backed securities (“**ABS**”). Since inception, we have constructed and actively managed funds composed of all classes of structured finance transactions, from unrated bonds to AAA-rated securities.

Our principals average over 15 years of investment experience in the MBS, ABS and mortgage markets.

### **Advisory Services Offered**

With respect to Private Funds, we serve as general partner, investment manager or in a similar capacity. We are charged with managing each Private Fund’s portfolio, subject to the investment objectives, restrictions, and policies stated in each Private Fund’s respective governing documents. We tailor our advisory services for a Private Fund to such Private Fund’s overall investment program, and not to the needs of any underlying investor therein.

We currently serve as sub-adviser to an open-ended Registered Fund. We tailor our advisory services for a Registered Fund to such Registered Fund’s overall investment program, and not to the needs of any underlying investor therein. As sub-adviser, we are responsible for the day-to-day management of the Registered Fund’s portfolio, selection of the Registered Fund’s portfolio investments and supervision of its portfolio transactions subject to the general oversight of the Board of Trustees of the Registered Fund and the primary adviser.

We may also provide investment advice to individuals in SMAs, for which advice may be tailored to the specific client needs, and for which clients can impose restrictions on the types of investments in the SMA. Clients who impose investment restrictions should be aware that the performance of their accounts may differ from that of the investment strategies not subject to investment restrictions.

This document should not be considered an offering document for any Private Fund or Registered Fund. Please see the applicable fund’s offering materials such as the prospectus, statement of additional information, and other reports to investors for complete disclosures relating to such fund.

As of January 31, 2022, we manage approximately \$565.4 million in regulatory assets under management on a discretionary basis. We currently do not manage any assets on a nondiscretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

With respect to our clients, we generally receive a fee based on a percentage of assets under management. We may also receive performance-based compensation with respect to certain clients, as set forth in the applicable client’s governing documents. Fees differ depending on the type of client, as described below.

### **Private Funds**

The fees and expenses for Private Funds are set forth in the corresponding prospectus for the Private Fund but generally include an annual management fee based on the assets under management and annual performance-based compensation. Management fees generally range from 0.5% to 1.50% annually, and are typically calculated and paid monthly in arrears. In some cases, there is a minimum fee amount imposed through the Private Funds. In addition, we are generally entitled to receive performance-based compensation from a Private Fund, generally of 20% of a Private Fund’s annual profits achieved above a high water mark, including realized and unrealized gains. In some cases performance-based compensation is based on the inception-to-date performance and is paid after all capital has been returned to investors. Management fees and performance compensation are deducted directly from investors’ assets in the applicable Private Fund. We receive a prorated portion of the

management fee and performance compensation with respect to any partial period. Any prepaid but unearned fees will be refunded. We may waive or reduce such fees payable from accounts of our affiliates or of any other account, in our sole discretion.

### **Registered Funds**

The fees and expenses for Registered Funds are set forth in the corresponding prospectus for the Registered Fund but generally include a management fee accrued daily and paid monthly in arrears. Where Braddock serves as the sub-advisor, the Registered Fund's primary adviser pays Braddock a portion of the annual management fee paid by the Registered Fund to the primary adviser.

### **SMA's**

In connection with our services to SMA's, we are generally entitled to receive a management fee based on the assets under management, performance-based compensation, or both, as set forth in the applicable governing documents. The annual management fee charged to an SMA will generally range from 0.5% to 1.50% of assets under management. Depending on the governing documents, the management fee is paid either monthly or quarterly, either in advance or arrears, and is pro-rated for partial periods. Performance-based compensation is typically charged annually at the end of each calendar year, and ranges from 0% to 20% of the account's annual profits achieved above a high water mark, including realized and unrealized gains. All performance-based compensation arrangements are established in compliance with Rule 205-3 under the Advisers Act. Depending on the agreement between Braddock and its client, the fee may be paid independently by the client or deducted directly from the client's account. We may waive or reduce such fees payable from accounts of our affiliates or of any other account, in our sole discretion.

### **Other Fees and Expenses**

Our fees are exclusive of, and clients may incur certain other fees and expenses, including brokerage commissions, banking fees, interest, custodial fees, transaction fees, and other investment related costs and expenses, including research expenses (such as computer software, news and information services and licensing costs which benefit our clients). Brokerage commissions, custodial fees and other

transaction expenses and fees are typically imposed by broker-dealers, custodians and other third parties. Please refer to Item 12 for a description of the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Clients may also be subject to organizational, operating, administrative, legal, audit and other professional expenses. Clients may also bear their share of expenses attributable to regulatory filings which are made with respect to the client's holdings. In some instances, certain clients will be responsible for extraordinary expenses, including the expenses of litigation. Each client will be responsible for their own taxes. Please refer to the applicable governing documents of a client for more information.

As part of our investment advisory services, we may invest client assets in mutual funds and exchange-traded funds. The fees that a client pays to Braddock for investment advisory services are in addition to the fees and expenses charged by mutual funds or exchange-traded funds (described in each such fund's prospectus) to their shareholders. These fees will generally include a management, custodial and transfer agent fee and other fund expenses.

Client costs and expenses are the responsibility of, and may be paid directly by, the applicable client. However, where we have the ability to do so in respect of our clients, we may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases, we are entitled to reimbursement from the client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients which may include clients which do not bear any responsibility for such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata or in such other manner as we deem appropriate. We may directly bear the responsibility for the portion of such shared costs and expenses otherwise allocable to one or more clients which benefit from such shared costs and expense.

### **ITEM 6 – PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

As set forth in Item 5, we are entitled to receive performance-based compensation from certain clients. Performance-based compensation arrangements create an incentive for us to make riskier or more speculative investments than may otherwise be made under a different fee

arrangement. Similarly, Braddock charges asset-based management fees to clients which vary. Different fee rates incentivize Braddock to dedicate increased resources and allocate more profitable investment opportunities or best investment ideas to clients whose fees (management or performance-based arrangements) are more profitable for Braddock. A similar conflict exists when managing accounts containing assets owned by Braddock, its employees or its principals.

Braddock has policies and procedures reasonably designed to mitigate the conflicts discussed above. All accounts within a particular investment strategy are managed in accordance with the same investment process.

#### **ITEM 7 – TYPES OF CLIENTS**

We offer investment advisory services to Private Funds, Registered Funds and institutional clients through SMAs.

Any applicable investment minimums for a Private Fund or Registered Fund are described in the corresponding governing documents for the client.

Braddock generally requires a minimum account size of \$50 million with respect to any SMA, but may waive or raise the minimum in its discretion.

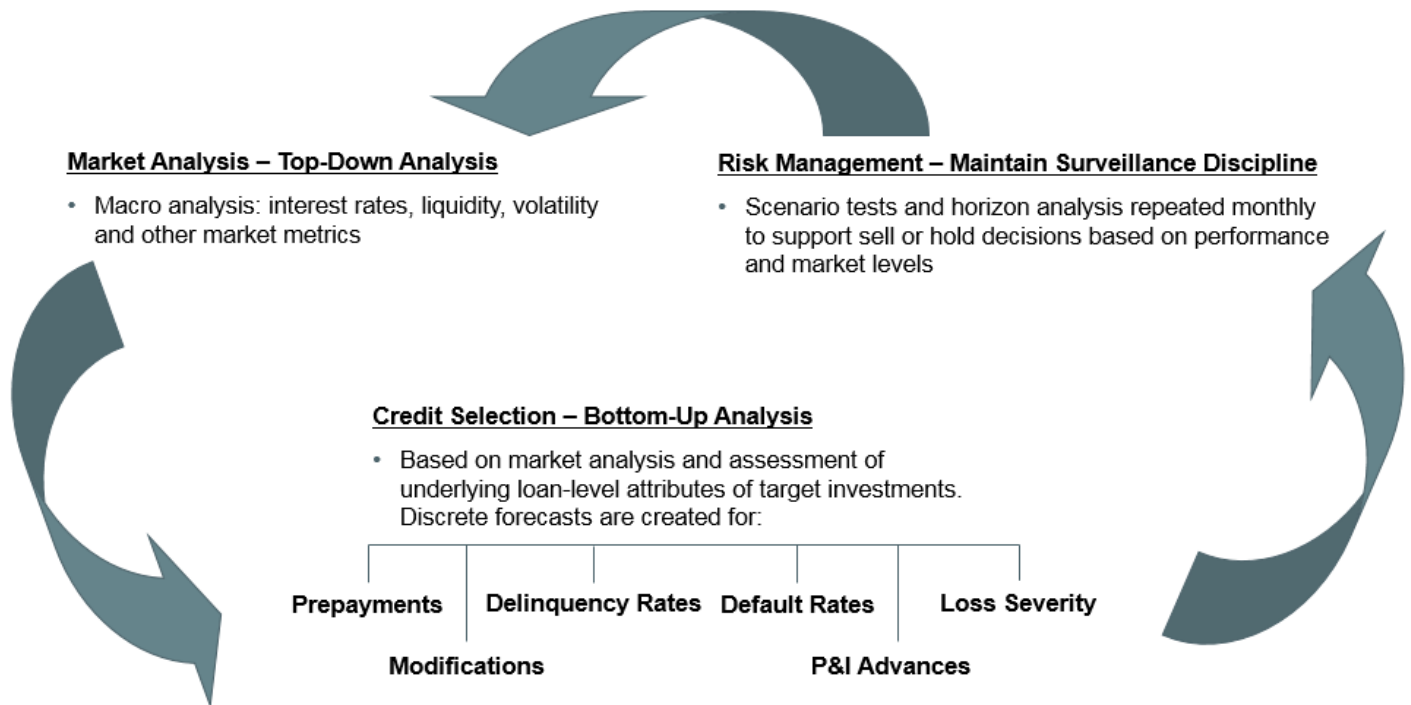
#### **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **Methods of Analysis**

##### ***Residential Mortgage Backed Securities and Other Asset Backed Securities***

We obtain information on current market offerings by communicating with primary brokerage firms, regional broker dealers, and other sellers of mortgage backed securities and other asset backed securities bonds. Throughout the process of creating and managing a portfolio of these securities, we apply a disciplined set of analytical techniques and criteria, including evaluating each security on an individual basis and as a component of the overall portfolio. Our process for integrating top-down market analysis, bottom-up credit analysis and on-going risk management surveillance is illustrated below.

### **RMBS and ABS Investment Process**



## Collateralized Loan Obligations

We apply a similar set of analytic techniques and criteria in evaluating CLOs, as illustrated below.

### CLO Investment Process

#### Market Analysis

- Attractiveness of Asset Class
- Structural Protection
- Economic conditions
- Default Projections/Recovery Experience

#### Risk Management

- Collateral Quality/Coverage Tests
- Assess Deal Economics/Equity Valuation
- Industry/Company Credit Metrics
- Loss Analysis/Structural Impact
- On-going Manager Communication

#### Credit/Manager Selection

- Structure and Cash Flow
  - Capital Structure/Deal Economics
  - Stress Test Scenarios
- Collateral Assessment
  - Asset Quality
  - Market Value
- Manager Review
  - Equity Ownership/Fee Structure
  - Historical Default/Recovery Experience

## Risk of Loss

Investing in securities involves risk of loss that investors should be prepared to bear. Investors should give careful consideration to the following summary risks. The following does not purport to be a comprehensive summary of all of the risks associated with an investment.

The following is a summary of certain risks involved with Braddock's investment strategy. **More detailed descriptions of the investment strategies, methods of analysis and risks of a specific Private Fund or Registered Fund are included in the applicable fund's offering documents.**

*Investment & Trading Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that a client's investment

program will be successful, and investment results may vary substantially over time.

*Management and Strategy Risk.* The value of your investment depends on the judgment of Braddock about the quality, relative yield, value or market trends affecting a particular security, issuer, sector or region, which may prove to be incorrect. Investment strategies employed by Braddock in selecting investments for clients may not result in an increase in the value of your investment or in overall performance equal to that of other investments.

*Sector Focus Risk:* Sector focus risk results from maintaining exposure to the performance of the asset-backed debt securities, including mortgage-related securities, in which the client invests. The focus of the client's portfolio on a specific sector, such as in mortgage-related securities, may present more risks than if the portfolio were broadly

diversified over numerous sectors. At times the performance of the client's investments may lag the performance of other sectors or the broader market as a whole. Such underperformance may continue for extended periods of time.

*Non-Diversification.* Investment in securities of a limited number of issuers exposes a client to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

*Illiquidity.* Some investments made by a client will be illiquid or thinly traded, and consequently a client may not be able to sell such investments at prices that reflect Braddock's assessment of their value or the amount paid for such investments by a client. In the event a client makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

*Leverage.* Subject to applicable margin and other limitations, a client may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of a client's portfolio would be amplified. Interest on borrowings will be a portfolio expense of a client and will affect its results. Also, a client could potentially create leverage via the use of instruments such as options and other derivative instruments.

*Repurchase Agreements.* Under repurchase agreements, a client may sell securities and agree to repurchase them at a specified date and price. Repurchase agreements may involve the risk that the market value of the securities purchased with the proceeds of the repurchase agreement by a client may decline below the price of the securities a client has sold but is obligated to repurchase. In the event the buyer of securities under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the obligation of a client to repurchase the securities and a client's use of the proceeds of the repurchase agreement may effectively be restricted pending such decision.

*Reverse Repurchase Agreements.* A reverse repurchase agreement is the sale by a client of a debt obligation to a party for a specified price, with the simultaneous agreement by the client to repurchase that debt obligation from that party on a future date at an agreed upon price. Similar to

borrowing, reverse repurchase agreements provide a client with cash for investment purposes, which creates leverage and subjects the client to the risks of leverage. Reverse repurchase agreements also involve the risk that the other party may fail to return the securities in a timely manner or at all. A client could lose money if it is unable to recover the securities and the value of collateral held by the client, including the value of the investments made with cash collateral, is less than the value of securities.

*Hedging Transactions.* We may utilize financial instruments including U.S. treasuries, swaps, caps and floors on interest rates, currencies, residential or credit default rates or the credit of one or more issuers of MBS, ABS, CLO or other risks associated with MBS, ABS, CLO futures and forward contracts (including Eurodollar futures), security warehouse and repurchase agreements, other secured debt facilities, securitizations and resecuritizations, MBS pass-throughs and MBS derivatives, and options on any of the foregoing, for risk management purposes.

While a client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a client than if it had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to hedge certain (or any) portfolio holdings, or may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a client from achieving the intended hedge or expose a client to risk of loss.

*Effect of Execution of Multiple Trade Orders (Private Funds and SMAs only).* We may be required to revise trading orders as a result of the aggregation for speculative position limit purposes of all accounts traded, owned or controlled by us or our affiliates. The more accounts we have under management, the more likely we are to be constrained by position limits.

*Short Sales.* Clients may effect short sales. Under certain circumstances, a client may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the security that has been loaned at any time. In such event, a client would be required to replace the borrowed securities by borrowing the securities from another lender. If a client were unable to replace the borrowed securities it would be required to close out the short position by



buying the security in the market to make delivery. In such event, a client could incur a significant loss if the security sold short had increased in value. Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) and new rules promulgated by the SEC may increase the costs of short selling, make interactions with the issuers of securities being sold short more difficult and alter the prices or timing of short sales. Finally, an SEC rule, the “Circuit Breaker Uptick Rule,” limits a client’s ability to sell securities short during the day a security has declined 10% on its listing market and the following day, except for transactions that are at a price that are above the last national best bid. Due to the SEC rule, a client may not be able to sell securities short at planned times or prices.

*Derivatives.* Derivative instruments include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying investments, financial benchmarks, currencies or indices. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom a client contracts for the purpose of making derivative investments (the “**Counterparty**”). In the event of the Counterparty’s default, a client will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

*Put & Call Options on Specific Investments.* A client may purchase exchange-listed and over-the-counter (“**OTC**”) put and call options on specific investments. In addition, a client may write and sell covered or uncovered call and put option contracts. The use of put and call options may result in losses to a client, force the sale or purchase of portfolio investments at inopportune times or for prices

higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation a client can realize on its investments or cause a client to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by a client to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a client. The use of uncovered option writing techniques may entail greater risks of potential loss to a client than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in a client realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

*Options.* The value of an option may decline because of a change 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. In the case of the purchase of an option, the risk of loss of an investor’s entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, 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 market value.

*Futures.* Use of futures contracts by Braddock may cause the value of a client’s account to be more volatile. Futures contracts expose a client to leverage and tracking risks because a small investment in futures contracts may produce large losses and futures contracts may not accurately track the underlying securities.

*Fixed Income Securities.* The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changes in an issuer’s credit rating or market perceptions about the creditworthiness of an issuer. Generally fixed income securities decrease in value if interest rates rise and increase in value if interest

rates fall, with lower rated securities more volatile than higher rated securities.

**High Yield ("Junk") Bonds.** High yield bonds are debt securities rated below investment grade (often called "junk bonds"). Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. Companies issuing high yield bonds are less financially strong, are more likely to encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than companies with higher credit ratings.

**Competitive Markets.** In pursuing its trading methods and strategies, a client will compete with investment firms, including many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a commodity interest or investment may be purchased by a client and the price it expects to receive upon consummation of the transaction.

**Counterparty & Settlement Risk.** To the extent a client invests in securities, swaps, derivative or synthetic instruments, or other OTC transactions, in certain circumstances, a client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It may not always be possible for the securities and other assets deposited with custodians or brokers to be clearly identified as being assets of a client, and a client may be exposed to a credit risk in those situations. In addition, there may be practical or time problems associated with enforcing a client's rights to its assets in the case of an insolvency of any such party. In valuing derivative instruments, it is anticipated that a client will typically rely on quotes or other information provided by counterparties.

**Real Estate.** The real estate sector may suffer and property values may fall due to increasing vacancies or declining rents resulting from unanticipated

economic, legal, employment, cultural or technological developments, fluctuations in rent schedules and operating expenses, unfavorable changes in applicable taxes, governmental regulations, zoning, building, environmental and other laws and interest rates, operating or development expenses, unexpected increases in the cost of energy and environmental factors and lack of available financing. The value of real estate company securities also may decline because of the failure of borrowers to pay their loans and poor property management.

**Credit Risk.** If an obligor (such as the issuer itself or a party offering credit enhancement) for a security held by the fund fails to pay amounts due when required by the terms of the security, otherwise defaults, is perceived to be less creditworthy, becomes insolvent or files for bankruptcy, a security's credit rating is downgraded or the credit quality or value of any underlying assets declines, the value of a client's investment could decline. If a client enters into financial contracts (such as certain derivatives, repurchase agreements, reverse repurchase agreements, and when-issued, delayed delivery and forward commitment transactions), the client will be subject to the credit risk presented by the counterparties.

**Exchange Traded Funds ("ETFs") Risk.** Investing in an ETF will provide a client with exposure to the securities comprising the index on which the ETF is based and will expose the client to risks similar to those of investing directly in those securities. Shares of ETFs typically trade on securities exchanges and may at times trade at a premium or discount to their net asset values. In addition, an ETF may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses. A client will pay brokerage commissions in connection with the purchase and sale of shares of ETFs.

**Interest Rate Risk.** Interest rate risk is the possibility that your investment may go down in value when interest rates rise, because when interest rates rise, the prices of bonds and fixed rate loans fall. For example, the price of a security with a five-year

duration would be expected to drop by approximately 5% in response to a 1% increase in interest rates. Generally, the longer the maturity of a bond or fixed rate loan, the more sensitive it is to this risk. Falling interest rates also create the potential for a decline in a client's income. These risks are greater during periods of rising inflation.

*Prime Brokers & Custody (Private Fund and SMAs only).* There is the possibility that brokerage firms and/or banking institutions at which a client maintains custody of its assets may encounter financial difficulties including bankruptcy and/or insolvency. There can be no assurances as to what effect such a brokerage firm's or banking institution's failure would have on a client's assets. A client will rank as an unsecured creditor to its Prime Brokers in relation to assets that such Prime Brokers borrow, lend or otherwise use and, in the event of the insolvency of a prime broker, a client might not be able to recover equivalent assets in full or in part. In addition, if applicable law permits, cash that the Prime Brokers hold or receive on a client's behalf may not be treated by the prime brokers as client money, may not be segregated from the prime brokers' own cash and may be used by the Prime Brokers in the course of their investment business. In such event, a client will rank as one of the prime brokers' general creditors.

*Arbitrage Positions.* A client may purchase (or sell) investments (i.e., on a current basis) and take offsetting positions in options in the same or related investments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

*Valuation Risk.* The sales price a client could receive for any particular portfolio investment may differ from the client's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued by the client using a fair value methodology. Investors who purchase or redeem Registered Fund shares on days when the Registered Fund is holding fair-valued securities may receive fewer or more shares or lower or higher redemption proceeds than they would have received if the Registered Fund had not fair-valued the security or had used a different valuation methodology.

*Pricing Service Risk.* A significant portion of the securities held in client accounts are traded over-the-counter, not on a national exchange, and accordingly daily exchange-published prices are not available for such securities. Under normal market conditions, the prices used by client accounts for such securities are typically provided by a reputable third party pricing service, consistent with common industry practices and the terms of the governing documents of the applicable client. Pricing services develop independent daily prices to assess what a holder of such securities may expect to receive in an orderly transaction under current market conditions. Daily prices are developed using the internal methods of a pricing service based on various market inputs from relevant market participants, including bids, offers, trades and volumes. In certain circumstances, for example where the market for a particular security is illiquid or thinly traded, the price developed by a pricing service may materially diverge – either higher or lower -- from the security's intrinsic value. Such pricing differences can be significant and can occur quickly during times of market volatility, particularly for securities that trade in thin or illiquid markets. Inaccurate valuations can affect our investment decision-making process, the calculation of advisory fees, the accuracy of withdrawal payments, the accuracy of financial statements and investor reporting and portfolio performance.

*Trade Errors by Third Parties.* On occasion, errors may occur with respect to trades executed on behalf of a client. Trade errors frequently result in losses but may, occasionally, result in gains. In the event a third party was responsible for the error, we will seek to have that party make the client whole. We generally will reimburse losses suffered by a client as a result of a trade error we cause. In addition, we will not correct a trade error made for one client by causing another client to buy or sell the securities.

*Uncertainty & Complexity of Tax Treatment (Private Funds only).* The tax aspects of an investment in a partnership are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors will thus be subject to the risk caused by the uncertainty of the tax consequences with respect to an investment in a Private Fund.

*Cybersecurity Risk.* Braddock and its service providers may be prone to operational and

information security risks resulting from cyber-attacks. Cyber-attacks 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. Cybersecurity attacks affecting Braddock and its service providers may adversely impact clients. For instance, cyber-attacks may interfere with the processing of transactions, cause the release of private information about clients, impede trading, subject clients and Braddock to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers, and may cause Braddock's investment in such issuers to lose value.

***Pandemic Risks.*** An outbreak of disease or similar public health threat, or fear of such an event could have a material adverse impact on the performance of client accounts. In addition, outbreaks of disease could result in increased government restrictions and regulation, including quarantines, which could adversely affect the Fund's operations.

***Natural & Unavoidable Events.*** Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar "Act of God" events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. An extended period of global supply chain and economic disruption could materially affect the performance of client accounts, results of operations, access to sources of liquidity and financial condition. Clients may have exposure to countries and markets impacted by such events, which could result in material losses.

## **Risks Relating to Mortgage-Backed Securities and Asset-Backed Securities**

***General.*** The investment characteristics of MBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

***Prepayment Risk.*** The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS will be 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, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many MBS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these MBS may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact MBS values in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that we may have constructed for these investments, resulting in a loss. In particular, prepayments (at par) may limit the potential upside of many MBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

***Index Risk.*** Variable rate MBS, including adjustable-rate mortgage securities ("**ARMs**"), are backed by mortgages with variable rates, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

***Interest Rate Risk.*** Under a normal yield curve, fixed rate MBS will decline in value if long-term interest rates increase. Declines in market value may ultimately reduce earnings or result in losses. If long-term rates were to increase significantly, the market value of the fixed rate MBS would decline and the

weighted average life of the assets would increase. A loss could be realized if the securities are sold. At the same time, an increase in short-term interest rates would increase the amount of interest owed on the repurchase agreements used to finance the purchase of fixed rate MBS.

***Basis Risk.*** In a rising interest rate environment, to the extent that interest rates on mortgage loans underlying the related MBS adjust more slowly than the interest rates on such MBS, there will be less cash flow to make payments on such MBS, which could reduce earning or result in losses on such MBS.

***Subordinated Securities.*** Investments in subordinated MBS involve greater credit risk of default than the senior classes of the issue or series. Many of the default-related risks of whole loan mortgages will be magnified in subordinated securities. 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 mortgage loans. Certain subordinated 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. In addition, principal payments on subordinated securities may be subject to a “lock-out” period in which some or all of the principal payments are directed to the related senior securities. This lockout period may be for a set period of time and/or may be determined based on pool performance criteria such as losses and delinquencies. Such securities therefore possess some of the attributes typically associated with equity investments.

The weighted average lives of, and the yields to maturity on, the subordinated MBS will be more sensitive than senior securities, to the rate and timing of mortgagor defaults and the severity of ensuing losses on the mortgage loans. The timing of losses on the mortgage loans underlying the securities will affect the actual yield to maturity, even if the rate of defaults and severity of losses over the life of the mortgage loans are consistent with expectations. In general, the earlier a loss occurs, the greater the effect on an investor’s yield to maturity.

In addition, the multiple class structure of the subordinated MBS causes the yield of such classes of securities to be particularly sensitive to changes in the rates of prepayment of the underlying mortgage loans. The yield to maturity on such classes of securities will also be extremely sensitive to losses

due to defaults on the underlying mortgage loans (and the timing of those losses). Furthermore, the timing of receipt of principal and interest by the securities may be adversely affected by losses even if such classes of certificates do not ultimately bear such loss.

***Credit Support Limitations.*** The amount, type and nature of insurance policies, subordination, letters of credit and other credit support, if any, with respect to certain MBS are based upon actuarial analysis. There can be no assurance that the historical data supporting such actuarial analysis will accurately reflect future experience nor any assurance that the data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans.

***Lower Credit Quality Securities.*** A client may invest in securities that may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Lower rated and unrated securities have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of income and principal.

The market values of certain of these securities (such as subordinated securities) also tend to be more sensitive to changes in economic conditions than higher rated securities. Declining real estate values, in particular, will increase the risk of loss upon default, and may lead to a downgrading of the securities by rating agencies. The value of such MBS may also be affected by changes in the market’s perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

***Liquidity of Markets.*** At times, certain sectors of the fixed income markets (such as 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. During such periods of market illiquidity, an investor may not be able to finance their assets except at unfavorable prices. Such “liquidity risk” could adversely impact the value of a portfolio, and may be difficult or impossible to hedge against.

***“Widening” Risk.*** For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market

forces), prices of securities 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.

**Geographic Concentration of Mortgage Loans.** Mortgage loans may be concentrated in a specific state or states. Weak economic conditions in these locations or any other location (which may or may not affect real property values), may affect the ability of borrowers to repay their mortgage loans on time. These economic conditions may also affect real property values, which would increase the loan-to-value ratio and could increase the risk of loss of principal. Properties in certain jurisdictions may be more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as earthquakes, floods, hurricanes, wildfires, mudslides and other natural disasters, which may result in losses on mortgage loans.

**Lack of Information Regarding Underwriting Standards.** In selecting mortgage loans for investment, we may not be able to obtain information as to the underwriting standards that were applied in originating the mortgage loans. As a result, certain investments may experience rates of delinquency and default that are higher than those experienced by mortgage loans that were underwritten in accordance with higher standards.

**Asset-Backed Securities.** ABS generally refers to securities backed by assets other than mortgages, mortgage-backed securities or other mortgage-related assets. ABS are subject to many of the same risks as mortgage-backed securities. Each type of ABS also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. ABS typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that may be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities

because of the inability to perfect a security interest in such collateral.

**Unregistered Transactions in ABS.** ABS that are traded in private, unregistered transactions are subject to restrictions on resale or otherwise have no established trading market. As a result, the ability to value a portfolio in response to changes in economic and other conditions may be relatively limited. Such securities may also be subject to other legal restrictions on resale, transfer, pledge or other disposition which will make them infrequently traded and less liquid than publicly traded securities. This may make it difficult to liquidate such investments if the need arises. In addition, if a holder must liquidate all or a portion of its investments quickly, it may realize significantly less than the value at which it has previously recorded the investments. A holder may face other restrictions on its ability to liquidate an investment in a business entity if it has material non-public information regarding the issuer.

## **Risks Relating To Collateralized Loan Obligations**

**General.** The risks of an investment in a CLO largely depend on the type of underlying collateral securities and the tranche owned. While CLOs are subject to the typical risks associated with debt instruments (i.e., interest rate risk and credit risk), additional risks of CLOs include the possibility that distributions from collateral securities will be insufficient to make interest or other payments and the potential for a decline in the quality of the collateral. In addition, due to the complex nature of a CLO, an investment in a CLO may not perform as expected. An investment in a CLO also is subject to the risk that the issuer and the investors may interpret the terms of the instrument differently, giving rise to disputes.

**Asset Manager Risk:** The CLO’s performance is linked to the expertise of the CLO manager and its ability to manage the CLO portfolio. The experience of a CLO manager plays an important role in the rating and risk assessment of CLO debt securities. One of the primary risks to investors of a CLO is the potential change in CLO manager, over which the investor may have no control.

**Legal and Regulatory Risk:** An investment in a CLO may be adversely affected by new (or revised) laws or regulations that may be imposed by government regulators or self-regulatory organizations that supervise the financial markets. These agencies are empowered to promulgate a variety of rules pursuant to financial reform legislation in the United States. An

investment in a CLO may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules. Changes in the regulation of CLOs may adversely affect the value an investment held in a CLO.

*Limited Recourse Risk.* CLO debt securities are limited recourse obligations of their issuers. CLO debt is payable solely from the proceeds of its underlying assets. Consequently, CLO investors must rely solely on distributions from the underlying assets for payments on the CLO debt they hold. No party or entity other than the issuer will be obligated to make payments on CLO debt. CLO debt is not guaranteed by the issuer or any other party or entity involved in the organization and management of a CLO. If income from the underlying loans is insufficient to make payments on the CLO debt, no other assets will be available for payment.

*Redemption Risk:* CLO debt securities may be subject to redemption. For example, certain tranches of CLO debt may be redeemed if the CLO manager is unable to identify assets suitable for investment during the period when it has the ability to reinvest the principal proceeds from the sale of assets, scheduled redemptions and prepayments in additional assets (the “**Reinvestment Period**”). Additionally, holders of subordinated CLO debt may cause the redemption of senior CLO debt. In the event of an early redemption, holders of the CLO debt being redeemed will be repaid earlier than the stated maturity of the debt. The timing of redemptions may adversely affect the returns on CLO debt.

*Reinvestment Risk:* The CLO manager may not find suitable assets in which to invest during the Reinvestment Period or to replace assets that the manager has determined are no longer suitable for investment (for example, if a security has been downgraded by a rating agency). Additionally, the reinvestment period is a pre-determined finite period of time; however, there is a risk that the reinvestment period may terminate early if, for example, the CLO defaults on payments on the securities which it issues or if the CLO manager determines that it can no longer reinvest in underlying assets. Early termination of the Reinvestment Period could adversely affect a CLO investment.

*Liquidity Risk:* CLO debt securities are restricted securities (securities with limited transferability under the securities laws). CLOs are not registered under the Securities Act of 1933, as amended, and are subject to restrictions on resale. They are eligible for

sale only to certain qualified institutional buyers and are not sold on a trading market or exchange. Because such securities are available to few buyers, they may be both difficult to sell and to value. Because of the limited market, it may be difficult to sell the securities when it is desirable to do so and, to the extent such securities are sold in private negotiations, they may be sold for less than the price for which they were purchased or less than their fair market value.

## Underlying Loan Risks

*Violation of Various Federal, State and Local Laws May Result in Losses on the Underlying Mortgage Loans.* There has been an increased focus by state and federal agencies, state attorneys general offices, and state and local governmental authorities on certain lending practices by some companies in the subprime industry, sometimes referred to as “predatory lending” practices. Sanctions have been imposed by state, local and federal governmental agencies for various practices. Violations of federal and similar state and local laws may limit the ability of a servicer to collect all or part of the principal or interest on mortgage loans.

Applicable state laws generally regulate interest rates and other charges, require certain disclosure, and require licensing of originators. In addition, other state laws and city regulations, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of mortgage loans. An originator’s failure to comply with these laws could subject an investor to monetary penalties and could result in the borrowers rescinding such mortgage loans. Lawsuits have been brought in various states making claims against assignees of “mortgage loans” for violations of state law including high cost laws, usury laws and state licensing requirements.

*Fraud.* Of paramount concern in the origination of loans is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the real estate underlying the loans or may adversely affect the ability to perfect or effectuate a lien on the real estate or other collateral securing the loan.

*Risk of Decline in Value of Real Estate Collateral.* The value of the real estate which underlies mortgage loans is subject to market conditions.

Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain the property declines. Furthermore, many of the properties and/or the borrowers which will secure loans underlying the MBS may be suffering varying degrees of financial distress or may be located in economically distressed areas. Loans underlying the MBS may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged (and, therefore, the borrower is unable to meet its debt service payments), has not been fully completed or is in need of rehabilitation. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments, or a substantial write-down of the principal of the loan.

It is likely that some, if not many, of the loans underlying the MBS will be foreclosed. The foreclosure process may be lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses.

*Environmental & Special Hazards.* Under environmental laws enacted by the United States and the various states, owners of property may be liable for the cleanup and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. The kinds of hazardous substances for which liability may be incurred include chemicals and other materials commonly used by small businesses and manufacturing operations. The costs of removal and clean-up of hazardous substances and wastes can be extremely expensive and, in some cases, can exceed the value of a property. If any property subsequently were found to have an environmental problem, the owner of such property (even through foreclosure) could incur substantial costs and suffer a complete loss of its investment in such property as well as of other assets. It may be impractical or impossible to fully insure against such events and, should such an event occur, the mortgage property underlying the MBS, could suffer a complete loss.

## **Conflicts of Interest**

We manage multiple accounts, some of which have similar objectives, including other collective investment vehicles managed by us or our affiliates and in which we or any of our affiliates have a significant equity interest. As a result, there exist financial incentives for us to favor certain client accounts over others. Other individual or pooled client accounts may compete with respect to entering into and liquidating contracts for a client. Braddock has implemented policies and procedures reasonably designed to mitigate the conflicts discussed above. All accounts within a particular investment strategy are managed in accordance with the same investment process.

### **ITEM 9 – DISCIPLINARY INFORMATION**

None.

### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

With respect to Private Funds, we serve as general partner, investment manager or in a similar capacity.

Braddock and its affiliates will devote as much of their time to the activities of a particular client as they deem necessary and appropriate. Braddock and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities. These activities could be viewed as creating a conflict of interest in that the time and effort of Braddock and its affiliates will not be devoted exclusively to the business of a particular client but will be allocated between the clients.

Braddock, and its directors, officers, and employees invest in the investment strategies employed by Braddock, including through investments in certain clients. Such investments create an incentive for Braddock to favor one strategy or client over another. Braddock has implemented policies and procedures reasonably designed to mitigate the conflicts discussed above. All accounts within a particular investment strategy are managed in accordance with the same investment process.



**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**Code of Ethics**

Braddock has adopted a written Code of Ethics (“**Code**”) designed to address and avoid potential conflicts of interest. The Code contains policies and procedures that ensure that all personal securities trading by our employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility. For example: we prohibit personal trading on certain securities or instruments and we require pre-clearance before purchasing an IPO, a new private placement, or shares in a Registered Fund advised or sub-advised by Braddock. In addition, we require all new employees to provide certain reporting regarding personal securities holdings and all employees are required to provide annual updates of this holdings information and quarterly reporting of certain personal securities transactions. We also require prompt internal report of Code violations. Upon request by an investor or prospective investor, we will provide to the investor or prospective investor, at no cost, a copy of our Code of Ethics.

**Participation or Interest in Client Transactions**

Our policy is generally to prohibit transactions between our clients, and our principals, except in extraordinary circumstances and in compliance with applicable law. Consequently, neither we nor any employee may engage in a principal transaction with one of our clients without the prior written consent of the Chief Compliance Officer. Braddock will not enter into principal transactions with a Registered Fund.

Braddock, as well as its affiliates and each of their principals, employees, partners, directors and managers (the “**Affiliates**”), may buy and sell securities. In addition, Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and a client has no right to participate in or benefit from our other management activities described above and the Affiliates shall not be obligated to account to a client for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to a client any of the investment or service opportunities obtained through such activities.

**ITEM 12 – BROKERAGE PRACTICES**

Broker-dealers are selected based on their experience and abilities. Transaction fees are paid based on industry standards and execution of the transaction.

Braddock is responsible for the placement of securities transactions for clients and the negotiation of any commissions paid on such transactions. Securities normally will be purchased directly from the issuer or from an underwriter or market maker for the securities, or through brokers on securities exchanges. Purchases of securities through brokers involve a commission to the broker. Purchases of securities from dealers serving as market makers include the spread between the bid and the asked price.

We currently use primary securities dealers as intermediaries for the purchase and sale of certain securities. After a purchase made by a dealer on behalf of a client, the securities are held in the custody of the dealer until such time as the client makes full payment for the securities. While the securities are in the custody of the dealer, the client is eligible to the same extent as the dealer’s other customers for insurance coverage against loss in the event of the bankruptcy or liquidation of the dealer. Upon full payment by the client to the dealer, securities held by the dealer are transferred to the custody of a custodian engaged by the client.

It is Braddock’s general policy to seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for a client, weight is also given to the ability of a broker-dealer to furnish brokerage and research services as defined in Section 28(e) of the Securities Exchange Act of 1934, as amended, to the client or to Braddock, even if the specific services are not directly useful to a specific client and may be useful to Braddock in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, a client may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by Braddock to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer. The standard of reasonableness is to be

measured in light of Braddock's overall responsibilities to its clients.

Braddock is not currently party to any formal soft dollar arrangements with broker-dealers.

### **Aggregation of Client Trading**

Typically each client has a different investment strategy for purchases of securities in the bond market. However, should multiple accounts wish to purchase the same security, we will aggregate the orders in order to increase efficiency and reduce costs when we can do so in a manner that is fair to all clients.

In conjunction with aggregation of client trades, there may be times when we are unable to effect trades sufficient to allocate among all Firm clients. In that case, each client will be allocated securities on a pro rata basis, as determined by each clients' net assets. If it is not practical or desirable to allocate a security trade because the bond has a small value / size, then the Firm will assign non-monetary credits to client accounts that do not receive an allocation, and client accounts with larger credit balances will be given priority when allocating future purchases of these types of securities.

Situations may occur where a client could be disadvantaged because of the investment activities conducted by Braddock for other accounts. The performance of a client's investments could be adversely affected by the manner in which particular orders are entered by Braddock and its principal for all such accounts.

### **ITEM 13 – REVIEW OF ACCOUNTS**

We review client accounts and investment strategies periodically, at a meeting of our Investment Committee. This committee meets on a monthly basis, and consists of the chief executive officer, chief financial officer, chief compliance officer and individual portfolio managers.

Unless otherwise agreed, clients are provided with transaction confirmation notices and monthly account statements directly from either the third party custodian or administrator, depending on the type of client account.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

In the future we may enter into referral arrangements whereby we pay solicitors/introducers a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the fees earned by Braddock and shall not result in any additional charge to the client. The payment of fees may cause a solicitor to recommend Braddock over another adviser that does not pay solicitation fees.

### **ITEM 15 – CUSTODY**

Except as specified in the following paragraph, portfolio securities purchased directly from the issuer, a market maker, or other intermediary by Braddock on behalf of clients are held in the custody of a third-party custodian engaged by the client. Investor funds are maintained by an administrator or qualified custodian. The qualified custodian and/or administrator, as applicable, sends monthly account statements to SMA clients and investors in the Private Funds. Investors should carefully review the statements they receive from the qualified custodian and/or administrator.

With respect to the Private Funds, Braddock is deemed to have custody by virtue of its status as general partner, investment manager or similar capacity. As such, we have instituted a set of controls to safeguard those client assets which includes an annual financial statement audit by an independent public accountant that is registered with, and subject to regular inspection by, the PCAOB. Annual financial statements are prepared in accordance with generally accepted accounting principles and are distributed to investors within 120 days of the end of the fiscal year.

With respect to Registered Funds, assets are maintained with a national bank custodian.

### **ITEM 16 – INVESTMENT DISCRETION**

Braddock generally has discretionary authority to manage the assets in client accounts. We observe investment limitations and restrictions that are outlined in each client's governing documents.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

We generally do not trade voting securities, nor do we have or accept authority to vote client securities.

In connection with Braddock's sub-advisory services to a Registered Fund, the Board of Trustees of the Registered Fund has adopted Proxy Voting Policies and Procedures ("**Fund Policies**") on behalf of the Registered Fund, which delegates the responsibility for voting the Registered Fund's proxies to Braddock,

subject to the Board's continuing oversight. The Fund Policies require that Braddock vote proxies received in a manner consistent with the best interests of the Registered Fund. The Fund Policies also require that Braddock present to the Board, at least annually, its Proxy Voting Policies and Procedures and a record of each proxy voted by it on behalf of the Registered Fund.

#### **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.



Rev. 12/2015

FACTS	WHAT DOES BRADDOCK FINANCIAL LLC DO WITH YOUR PERSONAL INFORMATION?		
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Social Security number and</li> <li>■ account balances; ■ assets; ■ investment experience; ■ risk tolerance; ■ wire transfer instructions.</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons Braddock Financial LLC ("Braddock") chooses to share; and whether you can limit this sharing.		
	Reasons we can share your personal information	Does Braddock Financial LLC share?	Can you limit this sharing?
	<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>Yes</b>	No.
	<b>For our marketing purposes—</b> to offer our products and services to you	<b>No</b>	<b>We don't share.</b>
	<b>For joint marketing with other financial companies</b>	<b>No</b>	<b>We don't share.</b>
	<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	<b>No</b>	<b>We don't share.</b>
	<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	<b>No</b>	<b>We don't share.</b>
	<b>For nonaffiliates to market to you</b>	<b>No</b>	<b>We don't share.</b>
QUESTIONS?	Call 303-308-6400 or go to <a href="http://www.braddockfinancial.com">www.braddockfinancial.com</a>		

<b>Who is providing this notice?</b>	Braddock Financial LLC
<b>How does Braddock Financial LLC protect my personal information?</b>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Braddock limits access to personal information to individuals who need to know that information in order to process transactions and service accounts and are subject to an obligation of confidentiality.</p>
<b>How does Braddock Financial LLC collect my personal information?</b>	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>■ Open an account; ■ enter into an investment advisory contract; ■ give us your contact information; ■ pay us by check; ■ make a wire transfer</li> </ul>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul>

<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies.
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Braddock Financial LLC does not share with non-affiliates so they can market to you.</li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>■ Braddock Financial LLC does not jointly market.</li> </ul>



## Disclosure Brochure Supplement

1200 17<sup>th</sup> Street, Suite 1210 • Denver, CO 80202 • T 303.308.6400 F 303.291.1312  
www.braddockfinancial.com

This Brochure Supplement provides information about Harvey B. Allon that supplements the Braddock Financial LLC (“**Braddock**”) Brochure. You should have received a copy of that Brochure. Please contact us at (303) 308-6400 if you did not receive Braddock’s Brochure or if you have any questions about the contents of this supplement.

---

<b><i>Name of Supervised Person:</i></b>	Harvey B. Allon, born 1949
<b><i>Educational Background &amp; Business Experience:</i></b>	<p>University of Michigan, B.S. Cellular Biology 1971</p> <p>Managing Founding Member and CEO of Braddock Financial 1994 – Present</p> <p>1993 to 1997 consultant to Asset Investors (AIC, NYSE)</p> <p>1987 to 1993 recruited by Nomura Securities Intl., Inc. to establish and manage the Mortgage Trading Department for Nomura’s New York investment bank</p>
<b><i>Disciplinary Information:</i></b>	Not applicable.
<b><i>Other Business Activities:</i></b>	Not applicable
<b><i>Additional Compensation:</i></b>	Not applicable
<b><i>Supervision:</i></b>	Mr. Allon is subject to Braddock’s compliance program and Code of Ethics, which are administered by Ken Glickstein, Chief Compliance Officer. As CEO, Mr. Allon is ultimately responsible for the company’s investment strategies. Mr. Allon discusses investment decisions with Garrett Tripp, Braddock’s Senior Vice President and Senior Portfolio Manager, and with Tom Plisko, Braddock’s CFO. Mr. Allon can be reached at 303-308-6400.



## Disclosure Brochure Supplement

1200 17<sup>th</sup> Street, Suite 1210 • Denver, CO 80202 • T 303.308.6400 F 303.291.1312  
www.braddockfinancial.com

This Brochure Supplement provides information about Garrett Tripp that supplements the Braddock Financial LLC (“**Braddock**”) Brochure. You should have received a copy of that Brochure. Please contact us at (303) 308-6400 if you did not receive Braddock’s Brochure or if you have any questions about the contents of this supplement.

---

**Name of Supervised Person:** Garrett Tripp, born 1970

**Educational Background & Business Experience:** Mr. Tripp joined Braddock in 2003 and has over fifteen years of investment and trading experience. Since 2008, he has served as the Senior Portfolio Manager on Braddock’s funds and separately managed accounts. Mr. Tripp received his MBA from McCombs School of Business at the University of Texas at Austin and a B.A. in business economics from the University of San Diego. He is a Chartered Financial Analyst (CFA designation).

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 138,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

**Disciplinary Information:** Not applicable.

**Other Business Activities:** Not applicable

**Additional Compensation:** Not applicable

**Supervision:** Mr. Garrett Tripp is subject to Braddock’s compliance program and its Code of Ethics, and his advisory activities for Braddock are supervised by Harvey Allon, Braddock’s CEO, at 303-308-6400.



## Disclosure Brochure Supplement

1200 17<sup>th</sup> Street, Suite 1210 • Denver, CO 80202 • T 303.308.6400 F 303.291.1312  
www.braddockfinancial.com

This Brochure supplement provides information about Toby Giordano that supplements the Braddock Financial LLC (“**Braddock**”) Brochure. You should have received a copy of that Brochure. Please contact us at (303) 308-6400 if you did not receive Braddock’s Brochure or if you have any questions about the contents of this supplement.

---

<b><i>Name of Supervised Person:</i></b>	Toby Giordano, born 1969
<b><i>Educational Background &amp; Business Experience:</i></b>	University of Colorado, BA Economics University of Colorado MBA Holds Chartered Financial Analyst (CFA) designation 2005 to Present: Vice President & Portfolio Manager, Braddock Financial  The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 138,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.
<b><i>Disciplinary Information:</i></b>	Not applicable.
<b><i>Other Business Activities:</i></b>	Not applicable
<b><i>Additional Compensation:</i></b>	Not applicable
<b><i>Supervision:</i></b>	Mr. Toby Giordano is subject to Braddock’s compliance program and its Code of Ethics, and his advisory activities for Braddock are supervised by Garrett Tripp, Braddock’s Senior Vice President and Senior Portfolio Manager, at (303) 308-6400