

ITEM 1 COVER PAGE

Form ADV Part 2A

Thomas J. Herzfeld Advisors, Inc.

119 Washington Avenue, Suite 504
Miami Beach, Florida 33139

Telephone: (305) 777-1660

Fax: (305) 777-1661

www.herzfeld.com

info@herzfeld.com

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This brochure provides information about the qualifications and business practices of Thomas J. Herzfeld Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (305) 777-1660 and/or info@herzfeld.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 Thomas J. Herzfeld Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Thomas J. Herzfeld Advisors, Inc. is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training.

ITEM 2 MATERIAL CHANGES

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Thomas J. Herzfeld Advisors, Inc. (the "Firm" or "TJH") will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

There have been no material changes since the date of our last other than annual update in October 2022.

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ITEM 4 ADVISORY BUSINESS

General Description of Adviser and Principal Owners

Thomas J. Herzfeld Advisors, Inc. (the “Firm” or “TJH”) is a Florida corporation that was formed in 1984. TJH maintains its principal office at 119 Washington Avenue, Suite 504, Miami Beach, FL 33139. The Firm is owned by Thomas J. Herzfeld, who currently owns 100% of the voting stock of the Firm.

TJH employs approximately 11 persons engaged in portfolio management or investment research, investment operations, trading, client service, legal and compliance activities.

Types of Advisory Services

TJH offers investment advisory services in two primary strategies: 1) investment in closed-end funds; and 2) investment in the Caribbean Basin (described further below).

Within the closed-end fund investment strategies, the advisor currently has eight (8) sub-strategies, all within its Managed (Composite) Portfolio Program:

- Herzfeld Balanced & Flexible Composite
- Herzfeld Fixed Income Composite
- Herzfeld Foreign Equity & Fixed Income Composite
- Herzfeld U.S. Equity Composite
- Herzfeld Tax-Exempt (Municipal Bonds) Composite
- Herzfeld Special Situations Composite
- Herzfeld Preferred Composite
- Herzfeld SPAC Portfolio

The Firm also provides investment advisory services with respect to the Caribbean Basin. The Firm’s Caribbean Basin investment objective is to obtain long-term capital appreciation by investing primarily in equity and equity-linked securities of public and private companies, including U.S. based companies, (i) whose securities are traded principally on a stock exchange in a Caribbean Basin Country or (ii) that have at least 50% of the value of their assets in a Caribbean Basin Country or (iii) that derive at least 50% of their total revenue from operations in a Caribbean Basin Country. Caribbean Basin Countries include Cuba, Jamaica, Trinidad and Tobago, the Bahamas, the Dominican Republic, Barbados, Aruba, Haiti, the former Netherlands Antilles, the Commonwealth of Puerto Rico, Mexico, Honduras, Guatemala, Belize, Costa Rica, Panama, Colombia, the United States and Venezuela.

For additional information about these investment strategies please refer to Item 8.

TJH provides investment advisory services directly to registered investment companies, private funds, and separately managed accounts. Additional information about these advisory services and the type of clients we serve is described immediately below and in Item 7.

Registered Investment Companies (the “Registered Funds”)

TJH provides investment advisory services to the following investment company registered under the Investment Company Act of 1940 (the “Company Act”):

- The Herzfeld Caribbean Basin Fund, Inc. (“CUBA Fund”) (NASDAQ: CUBA), through an Investment Management Agreement between the CUBA Fund and the Firm’s Herzfeld CUBA division. The CUBA Fund is advised under the Firm’s Caribbean Basin strategy.

Private Funds (the “Private Funds”)

TJH provides investment advisory services to private funds consisting of a “master feeder” structure that includes a master fund domiciled in the Cayman Islands, an “offshore feeder fund” domiciled in the Cayman Islands, and an “onshore feeder fund” domiciled in Delaware, United States.

Separately Managed Accounts (“SMAs”)

TJH provides investment advisory services to a variety of separately managed account clients, including individuals, pension plans, high net worth individuals, charitable organizations, corporations, and institutional clients.

Investment Strategies and Restrictions

TJH manages the Registered Fund, Private Funds, and SMAs (together, “Clients”) based on each Client’s strategies, restrictions, and guidelines and does not tailor its advisory services to any particular Client except as described below.

With respect to SMAs, TJH will consider each client’s risk tolerance, time horizon, tax status, liquidity needs, return objectives and preferences.

TJH provides its investment advisory services in accordance with the specific investment objectives and restrictions of each client, in accordance with and subject to the directions, guidelines, and limitations imposed by the client through, as applicable, the investment management agreement, prospectus and statement of additional information, private placement memorandum, and/or other governing documents (the “Governing Documents”).

TJH’s investment discretion with respect to managing the Registered Fund is also subject to the parameters provided by and oversight of the Registered Fund’s governing body (*e.g.*, board of directors/trustees).

TJH’s investment discretion with respect to managing the Private Funds is also subject to the parameters provided by and oversight of the respective Private Fund’s governing body (*e.g.*, board of directors/trustees or general partner).

Generally, the investment advice offered by the Firm is limited to the investment strategies described above. However, the Firm will manage other strategies at the specific request of a Client, subject to review and agreement on the type of strategy, applicable investment restrictions, minimum account size and agreement on fees.

Wrap Fee Programs

“Wrap arrangements,” “wrap fee programs,” and/or “wrap fee accounts” involve individually-managed accounts for individual or institutional clients. The wrap fee accounts are offered as part of a larger program by a “sponsor,” usually a brokerage, banking or investment advisory firm, and are managed by one or more investment advisers. TJH has arrangements with several brokerage, bank and/or investment advisory firms (sponsors) who sponsor “wrap fee” programs where TJH acts as adviser or sub-adviser to the wrap program and provides investment management services to those clients who select TJH as part of their investment program. The sponsor typically authorizes payment of a portion of its program fee to TJH for its services, which TJH receives directly from the wrap fee client.

Generally, TJH’s management of wrap fee accounts and other accounts under the same investment strategy is consistent. Subject to our best execution policy when selecting brokers for trading for our wrap fee program accounts, TJH at its discretion may trade with different broker/dealers than for our other (non-Wrap) accounts or trade away with a single broker/dealer on a combined basis. Trades for wrap fee program accounts are typically directed to the wrap fee program sponsor (or its designated broker/dealer), since brokerage commissions are included in the wrap fee. In such situations, TJH may be required to trade a wrap fee program’s accounts separately from other accounts being managed within the same strategy. As described in “Item 12- Brokerage Practices”, while directed brokerage is designed to benefit the wrap fee program account through lower trading costs, there may be circumstances where directed trades do not receive the best price, or where dividing the trade into separate components may inhibit TJH’s ability to obtain the same level of or as timely an execution as it may otherwise have been able to obtain if it had been able to execute the entire trade with one broker/dealer. Operational limitations with these types of accounts make trading away from the sponsor difficult. To the extent that TJH trades away from the sponsor by placing trades with a different brokerage firm, the client will typically incur the costs associated with this trading, in addition to the wrap fees normally payable. Subject to these limitations, TJH continues to employ methods, such as trade rotation and periodic brokerage review, in an effort to reduce the impact of these issues. Clients who enroll in these programs should satisfy themselves that the sponsor is able to provide best price and execution of transactions.

TJH may engage in wrap programs involving both single-contract and dual-contract accounts. In a single contract, the sponsor typically provides a level of research and due diligence on TJH and often stands as a co-fiduciary with TJH. Customers execute one contract with the sponsor. Dual contract programs require a customer to execute two separate contracts: one covering services provided by the sponsor; and the other covering separate investment management services provided by TJH.

With respect to single contract wrap fee program accounts, TJH may not be provided sufficient information by the wrap fee program sponsor to perform an assessment as to the suitability of TJH’s services and investment strategy for the client. In such cases, TJH will rely upon the wrap

fee program sponsor who, as part of its fiduciary duty to each client, must determine not only the suitability of TJH's services and investment strategies for the client, but also the suitability of the wrap fee program in general. In addition, TJH relies upon the wrap fee program sponsor to provide required disclosures to such clients, including delivery of this Form ADV Part 2A (Brochure) and, where applicable, Part 3 (CRS) to clients as required.

Please see additional information regarding wrap fee programs in "Item 5 – Fees and Compensation."

Assets Under Management

As of December 31, 2022, TJH managed assets of approximately \$639.9 million. Of this amount, approximately \$40.1 million was on a non-discretionary basis and approximately \$599.8 million was on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

Compensation earned by the Firm for the provision of investment advisory services to our clients is primarily comprised of management fees based on a percentage of assets under management during the investment period. In certain circumstances, the Firm charges performance fees for its services as further described herein. Fees and compensation are described within the Governing Documents for each client account that we manage.

Except as noted below, all advisory fee invoices are sent to Clients at the end of each calendar quarter for services rendered in the prior quarter. Fees are deducted directly from Client custodial accounts if the Client has consented to such deductions in writing. Clients may request that fees not be automatically deducted and, depending upon the custodian used, the Firm seeks to accommodate those requests. For certain wrap fee program Clients, invoices related to advisory fees are sent directly to the wrap fee program sponsor and advisory fees are paid directly by the wrap fee program sponsor to the Firm. In such cases, no individual Client invoices are generated by the Firm.

Note that management fees are generally calculated either by the custodian (in case of Registered Fund accounts) or by the Administrator or TJH as per the Governing Documents (in the case of Private Funds or SMAs).

TJH, through its Valuation Committee, oversees the valuation of securities. The Valuation Committee maintains procedures requiring, to the extent possible, pricing from an independent third party pricing vendor as determined by its approved pricing hierarchy. If vendor pricing is unavailable, the Valuation Committee then looks to other observable inputs for its valuations. If a vendor price or other observable inputs are unavailable or deemed unreliable, the Valuation Committee makes a reasonable determination of a security's fair value.

The following is a general description of fees typically charged by TJH for each type of client. However, some fees fall outside of the stated ranges, and fees may be negotiated in certain

circumstances. Investors and clients should refer to the Governing Documents for complete information on fees and compensation.

Advisory Fees for the Registered Fund

In its capacity as investment manager to the CUBA Fund, TJH receives an investment management fee in the amount of 1.45% of the Fund's net assets. Registered Fund fees and expenses are described in the Registered Fund's prospectus and statement of additional information.

Advisory Fees for Private Funds

In its capacity as investment manager to the Private Funds, TJH typically receives an investment management fee that ranges from 0.75% to 1.50% of the respective Fund's net assets, depending upon share class and other factors applicable to specific investors. In addition, TJH is entitled to receive from the Private Funds' investors a performance-based fee (also known as an incentive allocation) equal to 10% of the appreciation in an investor's capital balance during the year, subject to various contingencies such as a hurdle rate, high water mark and/or other conditions. TJH Private Fund fees are described in more detail in each Fund's Offering Memorandum and/or respective Limited Partnership Agreement or other Governing Documents. See Section 6 below for a description of Performance Based Fees.

Advisory Fees for SMAs

The basic fee schedule for separately managed accounts ranges from 0.50% to 1.50% of assets under management depending on product, asset type, and size of account. Generally, the fee schedule for separately managed accounts is fixed after negotiation with the client or the applicable wrap fee program sponsor and may be lesser or greater than the range set forth above depending upon a client's specific requirements.

Fees are generally billed quarterly, in advance or in arrears, based on the market value of the account(s) as specified in the investment management agreement or other Governing Documents. In addition to securities, market values include cash, cash equivalents, accrued dividends and other income. If an account is opened or closed during a billing period, the advisory fees are pro-rated for that portion of the billing period during which the account was open. TJH may agree to certain fee reductions or waivers. Any such agreements are memorialized in writing.

General Information

Fees may vary from the applicable schedules above based on factors such as client type, asset class, pre-existing relationship, service levels, portfolio complexity, number of accounts, account size or other special circumstances or requirements and are negotiable in some cases. Some existing clients pay higher or lower fees than new clients. Related accounts may be aggregated for fee calculation purposes in certain circumstances. TJH will manage some accounts of TJH's employees, affiliate employees, former employees, or their family members without an advisory fee.

When TJH calculates fees, unless otherwise provided in a client's investment management agreement, valuations of account assets are determined in accordance with TJH's valuation procedures, which generally rely on third party pricing services, but may permit the use of other valuation methodologies in certain circumstances. TJH's determinations may differ from valuations reflected in a client's custodial statements.

Other Fees and Expenses

TJH may invest in closed-end funds, open-end funds, exchange traded funds (ETFs), exchange traded notes (ETNs), and other pooled investment vehicles on behalf of its clients. When TJH invests client assets in such vehicles, unless otherwise agreed and where permitted by law, the client will bear its proportionate share of fees and expenses as an investor in such vehicles in addition to TJH's investment advisory fees.

In addition, TJH has the authority to invest some clients' assets in the Registered Fund to which TJH provides investment advisory services and receives advisory or other fees. It is the policy of TJH to adjust fees paid by clients in such circumstances so that the total fees paid by such clients do not exceed the fees agreed to be paid under the Governing Documents applicable to such clients.

TJH's clients generally will incur brokerage and other transaction costs (which, in the case of wrap fee program clients, may be included in total costs charged to clients by wrap fee program sponsors). For additional information about brokerage practices and brokerage costs, please refer to Item 12.

Neither TJH nor any of its supervised persons accepts compensation for the sale of securities or other investment products (other than indirectly through the management fees charged for TJH's advisory services generally).

TJH has adopted a policy related to environmental, social and governance issues ("ESG Policy") that integrates ESG considerations into our investment process and our firm culture. Under this ESG Policy, TJH scores each of the issuers of securities held in client portfolios in order to measure the overall ESG impacts of its portfolio over time. At this time, the Firm does not make specific investment decisions based upon the ESG score of the issuer. The costs and expenses of ESG research and monitoring are borne exclusively by the firm. TJH does not pass these costs through to any clients.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

TJH does not currently charge performance-based fees to its Clients, excepting only certain performance-based fees that are received in connection with its management of the Private Funds. With respect to such Private Funds, TJH receives a performance-based profit allocation (the "Incentive Allocation") at the end of each year, or upon any redemption of shares of the Private Fund, on the applicable redemption date. The Incentive Allocation is equal to ten percent (10%) of the annual net income allocated to a Private Fund shareholder with respect to each Incentive

Allocation Period to the extent that such net income is (i) in excess of the cumulative unrecovered losses carried forward from prior years or fiscal periods (this limitation is commonly referred to as a “high water mark”), and (ii) in excess of a 7% per annum annual hurdle rate of return. Private Fund fees and expenses are described in each Private Fund’s Private Placement Memorandum.

TJH manages multiple client accounts with different investment objectives and guidelines, and with different fee structures. TJH receives asset-based fees for the management of all Clients. However, for the TJH Private Funds, TJH receives both an asset-based fee and performance-based fees as compensation for its investment advisory services. Performance-based fees may create an incentive for certain investment advisors to favor accounts having performance-based fees over asset-based fee accounts or make investments that are riskier or more speculative than would be the case in the absence of performance-based fee clients.

Although the Private Funds’ investment strategy is separate and distinct from investment strategies used for other TJH Clients, TJH has an established review process and other related procedures that are designed to ensure that all Clients and investors are treated fairly and equally and to prevent conflicts from influencing the allocation of investment opportunities among Clients.

To mitigate potential conflicts of interest when managing performance-based fee clients side-by-side with asset-based fee clients, TJH has developed a policy in which portfolio managers attempt to allocate investment opportunities among eligible accounts on a pro rata basis if that is practical; or if a pro rata allocation is not practical, to allocate the investment opportunities among TJH advisory clients on a basis that over time is fair and equitable to each advisory client relative to other clients, taking into account relevant facts and circumstances, including, but not limited to:

- differences with respect to available capital and the size of a client;
- differences in investment objectives or current investment strategies;
- differences in risk profile at the time an opportunity becomes available;
- the nature of the security or the transaction including minimum investment amounts and the source of the opportunity; and
- existing or prior positions in an issuer/security.

While the procedures described above are intended to allocate investment opportunities among advisory clients on a basis that is fair and equitable to all clients over time, the procedures could in some circumstances preclude an advisory client from participating in an investment opportunity, or otherwise result in certain allocations that favor one client over another.

TJH will periodically review allocations of investment opportunities and sequencing of transactions and compare the performance of such accounts. Any exceptions or issues arising from these reviews shall be brought to the attention of TJH’s Chief Compliance Officer for possible corrective action.

ITEM 7 TYPES OF CLIENTS

TJH provides advisory services to clients on a discretionary basis consisting of its Registered Fund, Private Funds, and SMAs. TJH's SMA Clients include primarily individuals, investment companies, trusts, corporations and various types of retirement accounts.

The minimum investment for opening an SMA is generally \$1,000,000 for individuals and \$5,000,000 for institutional clients, depending upon, among other things, the strategy for the particular SMA. TJH may waive these minimums at its discretion. Additional information about the minimum investments for each client and other investment qualifications and conditions are described in the applicable Governing Documents.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Under normal circumstances, the Firm invests in closed-end investment companies that primarily invest in equity and income-producing securities. The investment methodology utilizes a number of factors and consists of both a quantitative and qualitative approach to identify opportunities across the entire universe of closed-end funds. The overall investment philosophy is predicated on recognizing the recurring valuation patterns found in the closed-end fund industry and capitalizing on opportunities in a systematic manner. The strategy seeks to exploit the discount and premium spreads (i.e. Share Price to Net Asset Value differences) associated with closed-end funds. The Firm may also allocate assets to other investment company structures, including exchange-traded funds ("ETFs"), equity securities, including common and preferred stocks (and with a particular emphasis on preferred stocks issued by registered investment companies), cash, and/or short-term cash equivalents.

Once a fund is identified for potential purchase or sale via both quantitative and qualitative analysis, approximately twenty other factors are analyzed (e.g. volatility, liquidity, yield, financial ratios, potential for dissident activity, portfolio earnings assessments, leverage and others).

For our Caribbean Basin strategy, securities are evaluated based upon fundamental and technical analysis. In many cases, the analysis includes assessment of whether the issuer will benefit if there is an easing or lifting of the U.S. embargo against Cuba.

TJH has recently adopted an ESG Policy under which all closed-end fund ("CEF") issuers of securities held in client portfolios are evaluated for environmental, social and governance issues. By focusing on the ESG policies of the issuer of the CEFs, TJH believes that the selection of the underlying securities over time will exhibit stronger ESG controls, which in turn can lead to stronger fund performance. Under the firm's ESG Policy, TJH assesses each issuer's ESG attributes including whether the issuer has created and provided an ESG policy, whether the issuer is a UNPRI signatory (or signatory of other like organizations), the overall corporate governance of the issuer, whether the

issuer has defined ESG objectives, whether the issuer considers ESG factors as part of its investment decision process, and other factors enumerated in our ESG Policy. Each issuer of CEFs held in TJH's portfolios is then scored for comparison against other issuers. TJH intends to analyze the data being collected with respect to each issuer's ESG scoring on an annual basis to determine how ESG is impacting performance of the issuers' securities held in our portfolios.

Investment Strategies

General descriptions of TJH's investment strategies are presented below. These descriptions are not intended to serve as specific guidelines. In addition, TJH may develop other investment strategies from time to time and manage portfolios according to a client's specific investment guidelines, thus strategies may vary by client account.

Closed-End Fund Strategies:

The Firm primarily invests in closed-end funds whose principal investment strategies include one or more of the following:

Domestic Funds:

- Municipal Bond, Build America Bond, Government Bond, Corporate Bond, High Yield Bond
- Equity—Sector Specific (such as Utilities, Real Estate, MLPs), Equity—Covered Call, Equity—General, Equity—Growth & Income, Equity—Dividend, Equity—Tax-Advantaged, Equity—Preferred, Equity—Convertible Bond
- Loan Participation
- Mortgage-Backed
- Multi-Strategy

Non-U.S. Funds

- Foreign Equity—Country Specific, Foreign Equity—Geographic Region, Global Equity—General, Global Equity—Growth & Income, Global Equity—Dividend
- Global Fixed Income
- Global Multi-Strategy

The closed-end funds that invest in equity securities may or may not use a growth or value strategy and may include funds investing in securities of issuers of any market capitalization. Closed-end funds that invest in non-U.S. issuers may include issuers in emerging markets. Closed-end funds that invest in fixed income securities may invest in securities of any credit quality, including below investment grade (so-called “junk bonds”).

Within the closed-end fund investment strategies, TJH currently has eight (8) sub-strategies, all within its Managed (Composite) Portfolio Program:

Herzfeld Balanced & Flexible Composite: includes all portfolios that invest in closed-end funds with the goal of maximizing risk adjusted total return. There is no restriction on asset class weighting, although the goal is to have wide level of diversification across sectors.

Herzfeld Fixed Income Composite: comprised of portfolios invested in closed-end funds which invest in the U.S. Fixed Income Market funds with the goal of maximizing risk adjusted total return.

Herzfeld Foreign Equity & Fixed Income Composite: comprised of portfolios which invest in non-U.S. Fixed Income & Equity closed-end funds with the goal maximizing risk adjusted total return.

Herzfeld US Equity Composite: comprised of portfolios which invest in U.S. Equity closed-end funds with the goal of maximizing risk adjusted total return.

Herzfeld Municipal Bond Composite: comprised of portfolios which invest in closed-end funds of U.S. Municipal Bond market with the goal of maximizing risk adjusted total return.

Herzfeld Special Situations Composite: comprised of portfolios which invest in closed-end funds which may undergo a corporate action. Our objective is to maximize risk adjusted total return.

Herzfeld Preferred Composite: comprised of portfolios which invest in preferred shares, baby bonds, and senior notes. Our objective is to maximize risk adjusted total return.

Herzfeld SPAC Composite: comprised of portfolios which invest in Special Purpose Acquisition Companies (SPAC's). Our objective is to maximize risk adjusted total return.

Caribbean Basin Strategy:

The Caribbean Basin Strategy's investment objective is to obtain long-term capital appreciation by investing primarily in equity and equity-linked securities of public and private companies, including U.S. based companies, (i) whose securities are traded principally on a stock exchange in a Caribbean Basin Country or (ii) that have at least 50% of the value of their assets in a Caribbean Basin Country or (iii) that derive at least 50% of their total revenue from operations in a Caribbean Basin Country. Caribbean Basin Countries include Cuba, Jamaica, Trinidad and Tobago, the Bahamas, the Dominican Republic, Barbados, Aruba, Haiti, the former Netherlands Antilles, the Commonwealth of Puerto Rico, Mexico, Honduras, Guatemala, Belize, Costa Rica, Panama, Colombia, the United States and Venezuela.

Risk of Loss

Principal Risks

While TJH seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible to fully mitigate risks. As with any investment, loss of principal is a risk of investing in accordance with the investment strategies described above. The following summary of risk factors does not claim to be a complete account or explanation of the risks involved in an investment strategy nor do all risks apply to each strategy. Existing and prospective clients are encouraged to consult their own financial advisors and legal and tax

professionals, and the investment guidelines, prospectuses or offering memorandum and other Governing Documents specific to each strategy before considering any services of TJH. In addition, due to the ever-changing nature of the markets, strategies may be subject to additional risk factors not mentioned below.

Possibility of Losses. An investment in one of TJH's strategies is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. The value of interests in the Registered Fund, Private Funds or SMAs will fluctuate based upon a multitude of factors, including the financial condition, results of operations and prospects of the issuers of the underlying securities; governmental intervention; market conditions; and local, regional, national and global economic conditions. Therefore, investors may lose all or a portion of their principal invested if the trading strategies are not successful.

Active trading can impact investment performance after factoring brokerage commissions, other transaction costs and taxes.

Investment in Caribbean Basin securities involves risk of investment on foreign exchanges and, in some cases, currency risk.

Closed-End Funds Risk. Investment in closed-end funds ("CEFs") may expose the client to negative performance and additional expenses associated with investment in such funds, and increased volatility. CEFs frequently trade at a discount from their net asset value, which may affect whether the client will realize gain or loss upon its sale of the CEFs' shares. CEFs may employ leverage, which also subjects the CEF to increased risks such as increased volatility. CEFs trade on the securities exchanges and are subject to some of the same risks associated with trading equity securities including market fluctuation. In addition, investments in CEFs carry certain principal risks attributable the particular CEFs, depending upon the specific strategy or investment objective of the respective CEF. Those risks may include:

Commodity and Commodity-linked Instruments Risk. The risk that investments in commodities or commodity-linked notes will subject the CEF's portfolio to greater volatility than investments in traditional securities, or that commodity-linked instruments will experience returns different from the commodities they attempt to track.

Convertible Securities Risk. The risk that the value of a convertible security held by the CEF will decline as interest rates rise and/or vary with fluctuations in the market value of the underlying securities, or that the security will be called for redemption at a time and/or price unfavorable to the CEF.

Credit Risk. The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline.

Derivatives Risk. The risk that the CEF will incur a loss greater than the CEF's investment in, or will experience greater share price volatility as a result of investing in, a derivative contract. Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or to

attempt to increase yield.

Emerging Market Investing Risk. The risk that prices of emerging markets securities will be more volatile, or will be more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.

Equity-Linked Instruments Risk. The risk that, in addition to market risk and other risks of the referenced equity security, the CEF may experience a return that is different from that of the referenced equity security. Equity-linked instruments also subject the CEF to counterparty risk, including the risk that the issuing entity may not be able to honor its financial commitment, which could result in a loss of all or part of the CEF's investment.

Equity Real Estate Investment Trust (REIT) Securities Risk. The risk that, in addition to the risks associated with investing in the real estate industry, the value of the CEF's shares will be negatively affected by factors specific to investing through a pooled vehicle, such as through poor management of the REIT or REIT-like entity, concentration risk, or other risks typically associated with investing in small or medium market capitalization companies.

Equity Securities Risk. The risk that events negatively affecting issuers, industries or financial markets in which the CEF invests will impact the value of the stocks held by the fund and, thus, the value of the CEF's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.

Exchange-Traded Funds (ETFs) Risk. The risk that the value of an ETF will be more volatile than the underlying portfolio of securities the ETF is designed to track, or that the costs to the CEF of owning shares of the ETF will exceed those the CEF would incur by investing in such securities directly.

Foreign Investing Risk. The risk that the prices of foreign securities in the CEF's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.

Geographic Concentration Risk. The risk that events negatively affecting the geographic location where the CEF focuses its investments will cause the value of the CEF's shares to decrease, perhaps significantly.

Growth Stocks Risk. The risk that the CEF's investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.

High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk. The risk that the issuers of high-yield/high-risk securities in the CEF's portfolio will default, that the prices of such securities will be volatile, and that the securities will not be liquid.

Income Risk. The risk that income received from the CEF will vary widely over the short-and/or long-term and/or be less than anticipated if the proceeds from maturing securities in the CEF are reinvested in lower-yielding securities.

Industry/Sector Concentration Risk. The risk that events negatively affecting an industry or market sector in which a CEF focuses its investments will cause the value of the CEF's shares to decrease, perhaps significantly. To the extent that the CEF invests a significant portion of its portfolio in one or more industries (such as communications, consumer cyclicals and consumer non-cyclicals) or sectors, the CEF is more vulnerable to conditions that negatively affect such industries or sectors as compared to a fund that is not significantly invested in such industries or sector.

Infrastructure-Related Investment Risk. The risk that the value of the CEF's shares will decrease as a result of conditions, such as general or local economic conditions and political developments, changes in regulations, environmental problems, casualty losses, and changes in interest rates, negatively affecting the infrastructure companies in which the CEF invests.

Interest Rate Risk. The risk that when interest rates rise, the values of the CEF's debt securities, especially those with longer maturities, will fall.

Limited Number of Investments Risk. The risk that the CEF's portfolio will be more susceptible to factors adversely affecting issuers of securities in the CEF's portfolio than would a fund holding a greater number of securities.

Liquidity Risk. The risk that certain securities may be difficult or impossible to sell at the time and price beneficial to the CEF.

Loan Risk. The risks that, in addition to the risks typically associated with high-yield/high-risk fixed income securities, loans (including floating rate loans) in which the CEF invests may be unsecured or not fully collateralized, may be subject to restrictions on resale, and/or some loans may trade infrequently on the secondary market. Loans settle on a delayed basis, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans.

Market Volatility Risk. The risk that the value of the securities in which the CEF invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.

Master Limited Partnership (MLP) Risk. The risk that the CEF's investments in MLP units will be negatively impacted by tax law changes, changes in interest rates, the failure of the MLP's parent or sponsor to make payments as expected, regulatory developments or other factors affecting the MLP's underlying assets, which are typically in the natural resources and energy sectors.

Mortgage-Backed and Asset-Backed Securities Risk. The risk that changes in interest rates will cause both extension and prepayment risks for mortgage-backed and asset-backed securities in which the CEF invests, or that an impairment of the value of collateral underlying such securities will cause the value of the securities to decrease.

Municipal Bond Market Risk. The risk that events negatively impacting a particular municipal security, or the municipal bond market in general, will cause the value of the CEF's shares to decrease, perhaps significantly.

Preferred Stock Risk. The risk that a preferred stock will decline in price, fail to pay dividends when expected, or be illiquid.

Sector Focused Investing Risk. The risk that events negatively affecting a particular market sector in which the CEF focuses its investments will cause the value of the CEF's shares to decrease, perhaps significantly.

Short Sales Risk. The risk that the CEF will experience a loss if the price of a borrowed security increases between the date of a short sale and the date on which the CEF replaces the security.

Tax-Exempt Securities Risk. The risk that tax-exempt securities may not provide a higher after-tax return than taxable securities, or that the tax-exempt status of such securities may be lost or limited.

Unrated Fixed Income Securities Risk. The risk that the CEF will be unable to accurately assess the quality of an unrated fixed income security, so that the CEF invests in a security with greater risk than intended, or that the liquidity of unrated fixed income securities in which the CEF invests will be hindered, making it difficult for the CEF to sell them.

U.S. Government Securities Risk. The risk that U.S. Government securities in the CEF's portfolio will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.

Value Stocks Risk. The risk that the CEF will underperform when value investing is out of favor or that the CEF's investments will not appreciate in value as anticipated.

Special Purpose Acquisition Company Risk. A special purpose acquisition company (a "SPAC") is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target

companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). The Firm may cause clients to invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for the Firm to evaluate the possible merits or risks of such SPAC’s investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

General Risks

Risk of Failing to Adequately Address Conflicts of Interest: As TJH has expanded its investment operations, it increasingly confronts potential conflicts of interest relating to investment activities. For example, TJH’s strategies and clients within each strategy may have overlapping investment objectives and interests, and different fee structures. Potential conflicts may arise with respect to decisions regarding how to allocate investment opportunities among other possible conflicts. While TJH attempts to identify, mitigate and disclose all materials conflicts, any failure to appropriately address material conflicts of interest could expose TJH to regulatory and other risks that could adversely affect TJH’s business.

Risk of Failing to Timely Execute Orders or Achieve Best Execution: Certain TJH investment strategies depend significantly on its ability to timely trade securities and achieve best execution for client portfolios. Trading orders may not be executed in a timely and efficient manner due to various circumstances, including, for example, systems failures attributable to TJH, counterparties, brokers, dealers, agents or other service providers.

Risk That Significant Cash Positions Could Affect Performance: TJH generally does not use an asset allocation model to specify the percentage of client portfolios that must be invested in any particular asset class or category of securities. Rather, TJH’s asset allocation for each client portfolio is generally a function of the portfolio’s potential risk and reward compared with available opportunities in the marketplace. Consequently, TJH client portfolios may at any given

time hold significant cash balances for an extended period of time, which could have a negative impact on the performance of those client portfolios.

Cybersecurity: Clients and investors depend on the Firm to develop and implement appropriate systems for client activities. The Firm relies extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, trading, clearing and settling transactions, evaluating certain financial instruments, monitoring client portfolios and net capital, and generating risk management and other reports that are critical to oversight of client activities. The Firm's operations will be dependent upon systems operated by third parties, including prime broker(s), the administrator, executing brokers, market counterparties and their sub-custodians and other service providers. The service providers may also depend on information technology systems and, notwithstanding the diligence that the Firm may perform on their service providers, the Firm may not be in a position to verify the risks or reliability of such information technology systems.

Business Continuity and Disaster Recovery Risks: The Firm's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

Epidemics, Pandemics and Public Health Emergencies: As seen and experienced with the outbreak of COVID-19, an epidemic, pandemic or public health emergency can adversely impact global commercial activity and can cause or contribute to significant volatility in certain equity and debt markets.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Firm, its Clients and its investments and could adversely affect the Firm's ability to fulfill its Clients' investment objectives.

The extent of the impact of any epidemic, pandemic or public health emergency on the operational and financial performance of the Firm or any of its Clients will depend on many factors, including the duration and scope of emergency, the extent of any related travel advisories and restrictions implemented, the impact of such emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of an epidemic, pandemic or public health emergency may materially and adversely impact the value and performance of the Firm's and its Clients' Investments as well as the ability of the Firm to source, manage and divest investments and achieve its investment objectives, all of which could result in significant losses to the Client. In addition, the operations of each of the Firm, its Clients and investments may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or

meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

International Risks

Volatility Caused by World Events: In February 2022, Russian forces invaded Ukraine resulting in economic sanctions imposed by a number of countries, including the United States. Among the sanctions imposed by the United States (and others) is a ban on imports of all Russian oil. The events in Ukraine have impacted supply chains, increased overall demand and created volatility and uncertainty in global energy markets. The Russian invasion, the response and future subsequent events can all have a substantial negative impact on the performance of Client portfolios.

Non-U.S. Securities Risk: The economies of some non-U.S. markets often do not compare favorably with that of the U.S. in areas such as growth of gross domestic product, reinvestment of capital, resources, and balance of payments. Some of these economies may rely heavily on particular industries or foreign capital. They may be more vulnerable to adverse diplomatic developments, the imposition of economic sanctions against a country, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Governmental actions, such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes, may adversely affect investments in foreign markets. The governments of certain countries may prohibit or substantially restrict foreign investing in their capital markets or in certain industries. This could severely affect security prices. This could also impair the ability to purchase or sell foreign securities or transfer assets or income back to the U.S. or otherwise adversely affect the management of the portfolio. Other non-U.S. market risks include foreign exchange controls, difficulties in pricing securities, defaults on foreign government securities, difficulties in enforcing favorable legal judgments in foreign courts, and political and social instability. Legal remedies available to investors in some countries are less extensive than those available to investors in the U.S. Many foreign governments supervise and regulate stock exchanges, brokers and the sale of securities less than the U.S. government. Corporate governance may not be as robust as in more developed countries. As a result, protections for minority investors may not be strong, which could affect security prices. Accounting standards in other countries are not necessarily the same as in the U.S. If the accounting standards in another country do not require as much disclosure or detail as U.S. accounting standards, it may be harder to completely and accurately determine a company's financial condition. Because there are usually fewer investors on foreign exchanges and smaller numbers of shares traded each day, it may be difficult to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the U.S. Foreign markets may have different clearance and settlement procedures. In certain markets, settlements may not keep pace with the volume of securities transactions. If this occurs, settlement may be delayed, and assets may be uninvested and may not be earning returns, or other investment opportunities may be missed. Changes in currency exchange rates will affect the value of foreign holdings or exposures. The costs of foreign securities transactions tend to be higher than those of U.S. transactions, increasing the transaction costs. International trade barriers or economic sanctions against foreign countries may adversely affect holdings or exposures.

Certain Risks of Holding Fund Assets Outside the U. S.: Non-U.S. securities in which any client invests (and which are typical for the CUBA Fund) are generally held outside the U.S. in foreign banks and securities depositories. A client's custodian is its "foreign custody manager." The "foreign custody manager" is responsible for determining that a client's directly-held foreign assets will be subject to reasonable care, based on standards applicable to custodians in relevant foreign markets. However, certain foreign banks and securities depositories may be recently organized or new to the foreign custody business. They may also have operations subject to limited or no regulatory oversight. Also, the laws of certain countries may put limits on a client's ability to recover its assets if a foreign bank or depository or issuer of a security or an agent of any of the foregoing goes bankrupt. In addition, it likely will be more expensive for a client to buy, sell and hold securities, or increase or decrease exposures thereto, in certain foreign markets than it is in the U.S. market due to higher brokerage, transaction, custody and/or other costs. The increased expense of investing in foreign markets reduces the amount a client can earn on its investments. Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically involved with the settlement of U.S. investments. Communications between the U.S. and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates. Settlements in certain foreign countries at times have not kept pace with the number of securities transactions. The problems may make it difficult for the client to carry out transactions. If a client cannot settle or is delayed in settling a purchase of securities, a client may miss attractive investment opportunities, and certain of its assets may be uninvested with no return earned thereon for some period. If a client cannot settle or is delayed in settling a sale of securities, directly or indirectly, it may lose money if the value of the security then declines, or if it has contracted to sell the security to another party, a client could be liable to that party for any losses incurred.

Currency Risk: Because the non-US securities in which certain accounts may invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect an account's value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of an account. Depositary receipts are also subject to currency risk.

Emerging / Frontier Market Risk: Investments in issuers in developing, emerging, or frontier market countries involve increased exposure to changes in economic, social and political factors. The economies of most emerging / frontier market countries are in the early stage of capital market development and may be dependent on relatively fewer industries. As a result, their economic systems are still evolving, and their political systems are typically less stable than those in developed economies. Securities markets in these countries can also be smaller, and there may be increased settlement risks. Emerging / frontier market countries often suffer from currency devaluation and higher rates of inflation. Due to these risks, securities issued in these countries may be more volatile, less liquid, and harder to value than securities issued in more developed countries.

Financial Institution Risk; Distress Events: Client accounts are subject to the risk banks, brokers, hedging counterparties, lenders, administrators, or custodians of some or all of the Firm's clients'

assets (each, a “Financial Institution”) fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Firm may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Firm to manage its Clients’ accounts, and on the ability of the Firm and/or its Fund Clients’ portfolios to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include fees and expenses required to be paid from client accounts in the event the client account is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of client account to settle transactions or otherwise), as well the inability of the Firm to acquire or dispose of investments at prices that it believes reflect the fair value of such investments. Although the Firm expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that the Firm and/or the client accounts maintain all or a set amount or percentage of their respective accounts or assets with custodians, which heightens the risks associated with a Distress Event with respect to such custodians. Although the Firm seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Firm and its client accounts, the Firm is under no obligation to use a minimum number of custodians with respect to the client accounts, or to maintain account balances at or below the relevant insured amounts.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client’s or a prospective client’s evaluation of TJH’s advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Thomas J. Herzfeld Advisors, Inc. (through its Herzfeld/CUBA division) is the investment adviser to the CUBA Fund as described above. TJH is parent company to a wholly owned subsidiary, HCM GP LLC, which is general partner to the onshore feeder fund that is a Private Fund Client. The Firm does not engage in other financial industry activities or have any other affiliates.

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

TJH has adopted and implemented a Code of Ethics (the “Code”) in compliance with SEC Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Company Act. The Code sets forth the standards of conduct expected of all employees, directors, and officers of the Firm (“Employees”).

The Code requires certain business activity or conduct to be reported and monitored to avoid potential conflicts of interest. In addition, the Code also outlines policies and procedures designed to detect and prevent conflicts of interest relating to personal trading by all Employees and to ensure that TJH effects transactions for clients in a manner consistent with its fiduciary duty and in accordance with applicable laws.

The Code prohibits TJH Employees from purchasing securities (with certain limited exceptions) that are held in any client account or are under active consideration for purchase or sale by any client account. Included in this prohibition are all equivalent and/or related securities, based on the issuer. In addition, all Employees are prohibited from trading, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law.

Various procedures have been adopted under the Code including the requirement to pre-clear all applicable transactions. Additional restrictions relating to short-term trading and purchases of initial public offerings are also defined in the Code and applicable to all employees.

Employees are required to comply with certain periodic reporting requirements and to certify they have read and will comply with the Code upon commencement of employment and annually thereafter. Employee reporting requirements and trading, as noted above, is monitored for adherence to the Code and any employee who violates the Code is subject to remedial actions.

A copy of TJH’s Code is available upon request by contacting Thomas Morgan, TJH’s Chief Compliance Officer, at (305) 777-1660 and/or via electronic mail at tmorgan@herzfeld.com.

Participation or Interest in Client Transactions

Some officers and employees of the Firm have opened SMAs managed by the Firm that generally invest in the same securities and trade alongside other client accounts. In addition, certain officers and employees of the Firm have invested in the Registered Fund and the Private Funds. This creates a conflict if the Firm were to favor such employee or officer owned accounts or the Registered Fund or Private Funds in the allocation of investment opportunities. The Firm maintains policies and procedures designed to treat all clients, including Registered Fund, Private Funds and SMAs, fairly when aggregating and allocating investment opportunities.

Although some officers and employees of TJH may maintain a material position or percentage interest in Registered Fund and/or the Private Funds, the restrictions and/or prohibitions on securities transactions under the Code as set forth above do not apply to officer or employee accounts held in the Registered Fund or Private Funds. Instead, to address any conflict created or mitigate any associated risk under these circumstances, the Firm reviews allocations of investment opportunities and sequencing of transactions across all accounts and compares the performance of such accounts to other client accounts to detect any favoritism.

The Firm provides investment advisory services to various clients that at times will differ from the advice given, or the timing and nature of the actions taken with respect to any one account, including personal accounts, depending upon a variety of factors as discussed in Item 16. In addition, other factors such as market impact or liquidity constraints could result in one or more clients receiving less favorable trading results if the Firm were to implement an investment decision ahead of or contemporaneously with similar decisions for one set of clients ahead of other clients. As set forth above, the Firm maintains policies and procedures reasonably designed to ensure that all clients are treated fairly when aggregating and allocating investment opportunities.

Similarly, there may be limited opportunity to sell an investment held by multiple accounts. In addition, different account guidelines and/or differences within investment strategies may lead to the use of different investment practices for portfolios with a similar investment strategy. The Firm will not necessarily purchase or sell the same securities at the same time, same direction, or in the same proportionate amounts for all eligible accounts, particularly if different accounts have materially different amounts of capital under management, different amounts of investable cash available, different strategies, or different risk tolerances. As a result, although the Firm manages numerous accounts and/or portfolios with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, will differ from account to account.

From time to time, the Firm may effect internal cross transactions among two or more client accounts if the Firm determines such transactions to be in the best interest of all clients involved, subject to limits imposed by ERISA and the Company Act. For example, this may happen in limited cases where the Firm is purchasing a security to be allocated to one or more clients, but at the same time is directed by a client to sell that same security (for example, for tax loss harvesting purposes). The Firm recognizes the conflicts of interest that cross trades or principal trades may create. To mitigate the conflicts of interest, the Firm will take steps to ensure that the crossing price in any such transaction is fair to both sides of the transactions (for example, by ensuring the trade is conducted through independent brokers), does not disadvantage any one client over the other client, and is in compliance with applicable law. Prior to affecting such transaction, approval from the Firm's Compliance Department must be received, and if applicable, the trade will be subject to Registered Fund's board of directors and/or Private Fund board of directors oversight. To the extent that the Firm's controlling persons own more than a 25% interest in any one or more of the client accounts, the cross transaction will be deemed to be principal transactions and the Firm will comply with the principal trade provisions of the Advisers Act. Principal trades will not be effected when the trade involves an ERISA client or a client subject to the Company Act.

Management of Multiple Accounts: Each of the portfolio managers is responsible for managing

multiple accounts, including SMAs, the Private Funds, and the Registered Fund, as applicable. From time to time, a potential conflict of interest will arise as a result of the portfolio manager's management of a number of accounts (including proprietary accounts) with similar investment strategies. Often, an investment opportunity may be suitable for a number of clients but may not be available in sufficient quantities for all eligible accounts to participate fully. The Firm has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

Material Non-Public Information: The Firm may come into possession of material non-public information with respect to an issuer. Should this occur, the Firm would be restricted from buying or selling securities, derivatives or loans of the issuer on behalf of a Client until such time as the information became public or was no longer deemed material. Due to these restrictions, the Firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

ITEM 12 BROKERAGE PRACTICES

Selection of Broker-Dealers

In determining the broker-dealers through which to place securities transactions for client accounts, the Firm's policy is to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided. In selecting broker-dealers to execute transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of factors, including, but not limited to, the nature of the security being traded, the size and timing of the transaction, the activity existing and expected in the market for the particular security, the likelihood of price improvement, the speed of execution, and the ability to minimize market impact. In addition, the Firm considers the broker-dealer's financial responsibility, its responsiveness and operational capabilities, and its maintenance of the confidentiality of orders. The determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution under the circumstances. As a result of any or a combination of the above factors, transactions will not always be executed at the lowest available price, commission, and/or mark-up/mark-down.

Fixed income securities may be purchased from the issuer or broker-dealer or primary market-maker acting as principal for the securities on a net basis, with no brokerage commissions being paid by the client, although the price usually includes certain undisclosed compensation to the dealer. Rather than purchasing from a broker-dealer on a principal basis, in certain circumstances consistent with its responsibilities in seeking best execution, the Firm may engage a broker-dealer to act as agent (for which such broker-dealer may be paid a negotiated commission or mark-up) in purchasing fixed-income securities for client accounts. Securities also may be purchased from underwriters at prices that include underwriting fees.

The Firm has established a Senior Management Committee that has oversight responsibility for the Firm's brokerage practices. The Committee meets quarterly or more frequently as needed.

Research and Other Soft Dollar Benefits

The Firm currently does not have soft dollar relationships and does not receive research services as a result of commissions paid to broker-dealers.

Brokerage for Client Referrals

The Firm does not receive client referrals from executing broker-dealers in exchange for cash or other compensation, such as brokerage services or research. Note that the Firm does receive client referrals from certain third-party solicitors under written agreements with such firms. See Item 14 below.

Directed Brokerage

The Firm determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, certain clients limit the Firm's selection of brokers or instruct the Firm to direct trades through a particular broker. In these cases, the Firm at times will place separate, non-simultaneous, transactions for its clients and a directed client account that could temporarily affect the market price of the security or the execution of the transaction, or both, to the detriment of all accounts. Directing clients at times will receive worse prices, and/or pay higher commissions than non-directing clients. Alternatively, from time to time, the Firm may endeavor to aggregate the directed brokerage order with non-directed brokerage orders for execution and then step out the trade to the directed broker for clearance and settlement. This arrangement facilitates two purposes. First, a step-out allows the directed broker to receive the commissions. Second, aggregation of directed brokerage orders with non-directed orders allows directed brokerage clients to participate on the same terms and conditions as other non-directed brokerage clients

Aggregation of Trades

The Firm may, in its discretion, aggregate orders being placed for execution at the same time for the accounts of two or more clients, which may include the Registered Fund, Private Funds and SMAs, where it believes such aggregation is appropriate and in the best interest of its clients. This practice may enable the Firm to seek more favorable executions and net prices for the combined order. However, the Firm is not obligated to aggregate orders or to include any particular account in an aggregated order if portfolio management decisions for different accounts are made separately or if the Firm determines that aggregating trades would be inconsistent with the Firm's investment management duties or with any investment objectives, guidelines or restrictions applicable to a particular client. All orders placed for execution on an aggregated basis are subject to the Firm's allocation policies and procedures. Firm employees will aggregate orders where appropriate for the participating clients and consistent with the Firm's duty to seek best execution.

Allocation of Partially Filled Orders

If the Firm is unable to fill an aggregated transaction completely, it allocates the partially filled orders according to the Firm's allocation policy among accounts participating in the order. The objective of the Firm's allocation policy is to achieve fair treatment of all clients' accounts through

its trade allocation process. No preference is given with respect to portfolio size, or tenure of client.

ITEM 13 REVIEW OF ACCOUNTS

The portfolio managers for each client account review those accounts on a regular basis. The Firm's investment advisory accounts are under constant review because of the commonality of holdings among the relatively low number of accounts under management and the limited number of different portfolio securities. These factors facilitate the continual monitoring of client portfolios in relation to changes in market prices and available information (e.g. earnings and dividends). All reviews are conducted pursuant to the guidelines established by, or in connection with, the applicable account.

The Firm provides reports to the Registered Fund and the Private Funds (and their respective investors) and to SMA Clients as required by the applicable Governing Documents. Investors in the Registered Fund and Private Funds should refer to the applicable Governing Documents for further information on the reports provided to a particular Registered Fund's and Private Funds' investors.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, the Firm enters into written solicitation agreements for the referral of the Firm's investment advisory services under which persons and/or firms introducing new clients to the Firm ("Solicitors") receive a referral fee. When entering such agreement, the Firm complies with all applicable securities requirements under the Advisers Act.

In the event the Firm enters into such agreements, we require Solicitors to provide the prospective client or investor with a copy of this document (our Firm Disclosure Brochure) and a separate disclosure statement at the time of the referral. If you become a Client or invest in one of our Funds, the Solicitor that referred you to our Firm will either receive: a) a percentage of the advisory fee applicable to your investment for as long as you are a Client or investor with our Firm, or b) a onetime, flat referral fee upon your investing with our Firm, or c) other form of compensation as negotiated between our Firm and such Solicitor. You will not pay additional fees because of any such referral arrangement.

Solicitors have a financial incentive to recommend our Firm and/or funds managed by the Firm. This creates a conflict of interest; however, you are not obligated to retain our Firm for advisory services or invest in any fund managed by our Firm. Comparable services and/or lower fees may be available through other firms.

Some of the Firm's clients and investors use consultants to evaluate and recommend investment advisers and their services, including the Firm and its related entities. The Firm is not affiliated with any consultant. These consultant firms represent multiple clients and prospects and, therefore, have frequent interactions with the Firm and related entities. The Firm may pay

nominal fees to be listed and include information about our investment strategies in consultant registries or databases that describe services provided by investment managers including the Firm.

ITEM 15 CUSTODY

The Firm does not maintain physical custody of the funds or securities of any Client. However, under Rule 206(4)-2 promulgated by the SEC under the Advisers Act, the Firm is deemed to have custody of certain assets held in its Private Funds due to the Firm's ownership of HCM GP LP, the general partner to a Private Fund. As a result, those assets are administered in compliance with applicable rules and regulations related to the custody of client assets. The Private Funds generally undergo audits by independent accountants, and all audit reports are disclosed to investors in those Private Funds.

ITEM 16 INVESTMENT DISCRETION

The Firm has discretionary authority to manage securities accounts on behalf of its clients. The Firm's discretionary authority is generally limited by the investment objectives, strategies, policies, and restrictions set forth in the Governing Documents.

ITEM 17 VOTING CLIENT SECURITIES

To the extent that the Firm holds securities that require it to vote proxies or in circumstances in which the Firm's employees are serving on the board or other governing body and are required to vote on a matter, the Firm has a responsibility to vote the proxies in a manner in which it views to be in the best interests of its clients. In this regard, in accordance with Rule 206(4)-6 under the Advisers Act, the Firm has adopted written policies and procedures regarding the voting of client proxies that are designed to ensure that the Firm fulfills its fiduciary obligations to clients, including policies for addressing material conflicts that may arise between the Firm and its clients.

In the event a proxy raises material conflicts involving the Firm employees, whether arising from any material business, personal or familiar relationship with employees at a portfolio company or a material arrangement with any such company, the Chief Compliance Officer will determine the manner in which such proxies should be voted so that the vote is in the best interests of clients.

Under such policies and procedures, the Firm is authorized to vote proxies on behalf of its clients unless a client specifically retains or delegates this authority to another party in writing. The Firm has adopted written Proxy Voting Policies and Procedures that are designed to reasonably ensure that all proxy voting decisions are made in the best interests of advisory clients for whom the Firm has voting authority. The Firm will act in a prudent and diligent manner intended to enhance the value of the assets of the client's account. TJH has contracted with Proxy Edge, a third party proxy voting administrator, to assist the Firm in the administration of its proxy voting responsibilities.

The Firm will review proxy proposals for conflicts of interest as part of the overall vote review

process. If material conflicts of interest arise between the Firm and its clients with respect to voting a proxy, the Firm will convene an internal group of senior employees who are independent from the conflict of interest at issue. The internal group will consider the proxy and the conflict and determine a course of action that is in the best interest of the client.

The Firm has also adopted an ESG Policy under which TJH has determined to assess the extent to which ESG issues impact performance of its client portfolios. As a result of the Firm's commitment to its ESG program, the Firm considers ESG issues when voting proxies.

Clients may obtain a copy of the Firm's Proxy Voting Policies and Procedures, as updated from time to time, as well as information on how the Firm voted their accounts' securities upon written request to:

Thomas J. Herzfeld Advisors, Inc.
Attn: Compliance Department
119 Washington Avenue, Suite 504
Miami Beach, FL 33139

or by contacting Thomas K. Morgan, TJH's Chief Compliance Officer, at (305)-777-1660 and/or via electronic mail to tmorgan@herzfeld.com.

Class Action Lawsuits and Settlements

Securities issuers are, on occasion, the subject of class action lawsuits where the class of potentially injured parties is defined to be purchasers of the issuer's securities during a specific period of time. These cases may result in an award of damages or settlement proceeds to the class members who file claims with the settlement administrator. We do not determine if securities held in your Account are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation. Additionally, we do not initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your Account. In addition, we will not take any action or render any advice as to received materials relating to any class-action lawsuit. The Firm does not provide any legal advice to clients in connection with class action litigation.

Other Legal Proceedings

As a general matter, except as required by law, the Firm does not monitor, advise or act for a client in legal proceedings, including, but not limited to bankruptcies or other legal proceedings involving securities purchased or held in a client's Account. Clients should instruct their custodians to promptly forward any communications relating to legal proceedings involving such assets.

ITEM 18 FINANCIAL INFORMATION

The Firm does not require or solicit prepayment of fees by any client six months or more in advance, and thus, has not included a balance sheet for its most recent fiscal year. The Firm is not

aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has the Firm been the subject of a bankruptcy petition at any time.