

Form ADV Part 2A Firm Brochure

Basso Capital Management, L.P.

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This brochure provides information about the qualifications and business practices of Basso Capital Management, L.P. ("Basso" or "the firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact us by telephone at (203) 352-6100 or by email at legalnotices@bassocap.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

There have been no material changes between the March 28, 2022 filing date of Basso's prior Part 2A on Form ADV and today's date.

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ITEM 4 – ADVISORY BUSINESS

A. General Description of Basso and Its Advisory Services and Strategy

Basso, a Delaware limited partnership, is an investment adviser with its principal place of business in Stamford, Connecticut. Basso (and its affiliated management entities) is owned by its Founding Managing Partner – Chief Executive Officer Dwight Nelson, who joined the firm in 1999.

In its more than 28 years of operations (including those of its predecessor), the firm has provided investment advisory services to family offices, private investment funds, separately managed accounts, “funds of one”, registered investment companies (mutual funds) and Undertakings for Collective Investments in Transferable Securities (UCITS). The firm’s principal focus currently is on providing discretionary and non-discretionary advisory services to family offices.

Basso advises these family offices on behalf of high-net-worth individuals, families and their associated entities. Those family offices that receive discretionary advisory services are referred to as separately managed accounts (“SMAs”). Basso portfolio manager Matthew Zimmerman has primary responsibility for the discretionary advisory services provided to the SMAs. The SMAs may hold a wide range of investments, including, among others, domestic, international-developed and emerging-market public and privately-traded common and preferred stock, options, investment-grade bonds, below-investment grade bonds, sovereign (U.S. and non-U.S) government bonds, mutual funds, exchange traded funds (“ETFs”), derivatives, futures, digital assets and interests in open-ended and closed-ended private investment vehicles, illiquid and/or private investment vehicles and other investments (including real estate and private debt). Investment mandates are discussed with each SMA client to determine their risk and portfolio objectives, wealth management needs and asset allocation plan.

Mr. Nelson has primary responsibility for the non-discretionary advisory services provided to the family offices. He also is the principal portfolio manager for a sub-advised portion of a multi-manager fund. His strategy for this client (the “Sub-advised Account”) focuses on the highly liquid portion of the global fixed income market. Mr. Nelson, along with the firm’s UK-based portfolio manager, also advises a proprietary-money-only account (“Basso Omni”) with a broad investment strategy that includes trading in fixed income securities and equities.

In this brochure Basso discusses certain conflicts of interest that may arise in its management of the SMAs, the Sub-advised Account and Basso Omni (collectively, the “Investment Vehicles”) and the firm’s policies and procedures designed to detect and address these conflicts. For information about the firm’s advisory and sub-advisory services, please contact ir@bassocap.com.

B. Investment Discretion and Mandate

Basso manages the SMAs (and Basso Omni) with broad discretion, across the range of investments noted above, subject to any risk parameters and asset-percentage ranges that may be agreed with the account holders. The firm has broad discretion to manage the Sub-advised Account within the overall strategy set out in the sub-advisory agreement entered into with the account’s direct investment manager (the “Sub-advisory Agreement”). The firm provides non-discretionary advisory services from time-to-time to its family office clients when they seek Basso’s guidance and when Basso is aware of particular investment opportunities that may be of interest to these family offices.

C. No Wrap Fee Programs

Basso does not participate in wrap fee programs and does not manage wrap fee accounts.

D. Assets Under Management

As of March 1, 2023, Basso had discretionary management authority over \$408,768,379 in net client assets and provided non-discretionary management services to \$1,048,000,000 in net client assets.

ITEM 5 – FEES AND COMPENSATION

A. Advisory Fees and Performance-Based Compensation

SMA clients will typically be charged an advisory fee based on their account balances, but Basso has agreed to charge its initial SMA clients fixed advisory fees. Basso does not currently anticipate charging performance-based fees to SMA clients.

The Sub-advised Account is charged performance-based compensation, as agreed in the Sub-advisory Agreement. This account is not open to additional investors.

Basso Omni is not charged fees and is not open to additional investors.

Non-discretionary services are compensated, if at all, at the discretion of the family offices that receive the services.

Basso's fee schedule is omitted because this brochure is only being delivered to qualified purchasers, as defined in the Investment Company Act of 1940, as amended ("40 Act"), and to non-U.S. persons.

Basso does not act as a broker-dealer, nor does it receive compensation for any broker-dealer activities. In addition, neither Basso nor any of its supervised persons accepts compensation that is solely transactional in nature, such as in connection with the sale of investment products or securities.

B. Expenses

1. The SMAs pay:

- Investment expenses such as brokerage commissions and other transaction charges; interest on margin accounts and other indebtedness; taxes and other governmental charges; reporting (including certain regulatory reporting) expenses; legal fees in reviewing and negotiating trading documentation ("Investment Expenses");
- A fixed fee to cover a portion of the research, compliance and operations expenses incurred in connection with advising the SMAs; and
- Indemnification payments, if applicable.

2. The Sub-advised Account pays expenses as agreed in the Sub-advisory Agreement.

3. Basso Omni pays all of its own expenses, including its Investment Expenses.
4. Family offices receiving non-discretionary advisory services are fully responsible for their own expenses.

None of the Investment Vehicles directly pay any of Basso's internal expenses, such as office rent and overhead, or employee salaries and health care.

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

As described in Item 5 above, Basso receives fixed or asset-based advisory fees for managing the SMAs, performance-based compensation for managing the Sub-advised Account and no fees for managing Basso Omni. In large measure, the SMAs do not have overlapping portfolios with either the Sub-advised Account or Basso Omni, thereby minimizing potential conflicts brought by their differing fee structures. Any overlap in their portfolios is expected to occur in holdings of highly-liquid fixed income or equity securities, thereby limiting trade allocation issues. Purchases and sales of such securities done on the same day will be done on an average-cost-basis across the relevant entities and will be allocated on a pro-rata basis in the rare cases when full liquidity is not available. Similarly, Basso has agreed that any overlapping purchases or sales effectuated for the Sub-advised Account and any other Basso-managed account on a given day will be done on an average-cost basis.

ITEM 7 – TYPES OF CLIENTS

The SMAs are accounts established by high-net-worth individuals with assets in excess of \$25,000,000. SMA investments are made by high-net-worth individuals and families, and may also be made by their associated trusts, estates, charitable organizations, family partnerships, foundations and business entities.

The Sub-advised Account represents a portion of a multi-manager, pooled investment vehicle. This vehicle is advised by an SEC registered investment adviser unaffiliated with Basso.

The accounts receiving non-discretionary advisory services from Basso are owned by family offices, also with assets in excess of \$25,000,000.

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

A. SMA Investment Strategy

Basso works with each SMA client to determine their risk and portfolio objectives and wealth management needs. Based on these objectives and needs, the firm develops an asset allocation plan that selects from among the asset types identified in Item 4, including, among others, domestic and foreign equities and bonds, mutual funds and ETFs, and less liquid and/or private investment vehicles. The allocations among these varying asset types reflect the client's risk profile and investment time horizon, among other factors.

B. Sub-advised Account Strategy

Basso's trading for the Sub-advised Account focuses on the highly liquid portion of the global fixed income market. Corporate, quasi-government and convertible securities are included in the account's portfolio. The Sub-advisory Agreement provides additional details as to the trading strategy employed.

C. Basso Omni Trading Strategy

Basso Omni is managed through trading in fixed income securities and equities.

D. Overview of Risks Factors

The following is a discussion of some of the material risks associated with investments in the Investment Vehicles. Investors should understand that investing in securities and other instruments involves risk of loss that clients should be prepared to bear – these losses may involve all or substantially all of the assets invested. Investors should have the sophistication, financial ability and willingness to bear such losses. Past performance of the Investment Vehicles is not a predictor of their respective future performances. No guarantee or representation is made that Basso's investment program will be successful or that an investor's goals will be achieved.

- **General Investment and Trading Risks.** All investments present a risk of loss of capital. Volatile financial markets increase that risk. If Basso's evaluation of an investment opportunity should prove incorrect, a client could experience losses. The firm's investment program may use such investment techniques as leverage, margin transactions, put and call options and other derivatives, and short sales, which practices can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which an investor may be subject. The risk management techniques that may be used by the firm do not provide any assurance that an investor will not be exposed to the risk of significant investment losses.
- **Market Risks in General.** Each of the Investment Vehicles has investment strategies that are subject to some dimension of market risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in interest rates, changes in market volatility, changes in the liquidity of certain positions or categories thereof, flights to quality, credit squeezes and other market conditions. Investment strategies, particularly those that have involved the use of leverage or illiquid securities, may from time to time incur sudden and dramatic losses arising from market risk and other factors. There can be no assurance that the Investment Vehicles will not sustain a sudden, dramatic - and potentially total - loss.
- **Volatility of Prices – Stagnant Markets.** The instruments traded by the Investment Vehicles have been subject to periods of high and low price volatility in the past, and such periods can be expected to recur, impacting the returns of such instruments. Price movements are influenced by many difficult-to-predict factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. Volatility, and its opposite, stagnant markets, can each create profit opportunities and bring losses.
- **Counterparty Risk.** Disruption in the markets and negative perceptions about the short-term and long-term financial stability of the third parties with which the Investment Vehicles may do business, including brokerage firms, custodians and banks, could have a substantial negative affect on the performance of a client's portfolio. A default or bankruptcy by any one of these third parties could result in substantial losses, and there may be practical or logistical problems associated with enforcing the Investment Vehicles' rights to their assets in the case of an insolvency of any such party.

- **Liquidity Risk.** Liquidity risk exists when certain instruments are difficult to purchase or sell. This can result from market developments or a relatively small security issuance, and when non-publicly-traded securities are purchased. A portfolio's returns may be negatively impacted by a lack of liquidity if transactions cannot be made at advantageous times.
- **Reliance on Basso and Key Persons.** Each of the Investment Vehicles is largely dependent upon the services of their respective portfolio managers. Should the services of the relevant manager no longer be available, their respective strategies may incur possibly significant losses.
- **Equity Securities.** The Investment Vehicles will be invested in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, the relative size of the companies, industry market conditions, interest rates and general economic environments. In addition, events such as epidemics, pandemics, political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect a client's positions.
- **Fixed Income Securities Generally.** The Investment Vehicles will be invested in bonds and other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates, investor and market perceptions of the issuing company and market liquidity.
- **"High Yield" Securities.** The Investment Vehicles may be invested in "higher yielding" (and, therefore, higher risk) fixed income securities. Such securities are generally considered to be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to make timely interest and principal payments. In certain periods there may be little or no liquidity in markets for these securities. It is also likely that a major economic recession or financial crisis could have a materially adverse impact on the value of such securities. High yield securities have historically experienced greater default rates than investment grade securities. The markets for high yield securities tend to be more volatile, less liquid and less active than those for higher-rated securities, which can adversely affect the price at which these securities can be sold and may make it impractical or impossible to sell such securities at times of market dislocation.
- **Convertible Securities.** The Investment Vehicles may be invested in convertible securities, particularly convertible debt. The market value of convertible debt, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. Convertible securities are also, at certain times, impacted to lesser or greater degrees by movements in the prices of the equities into which the securities convert. This adds further complication to investing in, hedging and valuing convertible securities.
- **Foreign Investments and Currency Risks.** The Investment Vehicles may be invested in non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside the U.S., as well as securities and other instruments of companies having substantial profits and/or revenues generated in non-U.S. currencies. Such transactions require consideration of certain risks not typically associated with

trading in U.S. securities or other instruments. These risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments and confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Basso may attempt to hedge currency risks presented by foreign securities. This hedging is typically accomplished through the use of forward contracts or other instruments. Currency exchange rates can be volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks.

- ***Derivative Instruments.*** The Investment Vehicles may be invested in derivatives such as options and futures, including those relating to foreign currency transactions. Losses in a portfolio from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of a counterparty to fulfill its contractual obligations, the portfolio receiving cash collateral under the transactions and some or all of that collateral being invested in the market, or the risks arising from margin posting requirements and related leverage factors associated with such transactions. In addition, many jurisdictions continue to review practices and regulations relating to the use of derivatives or similar instruments. Regulatory actions following these reviews could make such instruments more costly, limiting their availability or otherwise adversely affecting their value or performance.
- ***ETFs.*** The Investment Vehicles may be invested in ETFs. ETFs are generally structured to replicate the price and yield performance of an underlying market index or sector. ETF shares are traded on stock exchanges and markets at open market prices that generally track the net asset value per share of the ETF. An exchange traded sector fund may be adversely affected by the performance of the specific sector or group of industries on which it is based. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. Investors in ETFs also directly bear the costs associated with their payment of investment management fees and fees for administrative, custodial or other services and thus the SMAs will indirectly incur these additional layers of fees and expenses.
- ***Financing Arrangement - Availability of Credit.*** The Investment Vehicles may use leverage, the level of which will vary on an ongoing basis in relation to their available capital and investment opportunities. Leverage levels may be significant at times. There can be no assurance that the Investment Vehicles will be able to maintain adequate financing arrangements under all market circumstances. Portfolio financing may not be available on advantageous terms, if at all, for certain investment assets. As a general matter, the banks and dealers that provide financing can apply essentially discretionary margin, collateral discount, financing, security and collateral valuation policies - all with the potential to negatively impact investment returns.

- **Changing Interest Rates.** The Investment Vehicles that employ leverage will pay interest on amounts financed with prime brokers and other custodians. An increase in interest rates would increase their respective interest expenses and reduce the spread between the returns on leveraged investments and the related borrowing costs. Fluctuations in interest rates, if significant, could materially and adversely affect operations and performance.

ITEM 9 – DISCIPLINARY INFORMATION

There have been no legal or disciplinary actions that are material to a client's or prospective client's evaluation of Basso's advisory business.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Basso GP, LLC, a Delaware limited liability company, serves as Basso's general partner. Basso Management, LLC, also a Delaware limited liability company, is currently inactive, but may in the future serve as the managing member or general partner of a Basso investment entity.

Basso has delegated certain discretionary sub-advisory authority to Basso Associates UK Limited ("BAUK"), a wholly-owned Basso subsidiary. BAUK's sub-advisory authority currently applies solely to Basso Omni. BAUK is authorized and regulated by the United Kingdom's financial services regulator, the Financial Conduct Authority. BAUK personnel are subject to Basso's policies and procedures as set out in the Basso Compliance Manual and Code of Ethics as well as those set out in the BAUK Financial Conduct Authority Compliance Manual.

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

A. Code of Ethics

Basso is an SEC-registered adviser and has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), that is built on the principle that the firm owes a fiduciary duty to its clients. The Code and related compliance procedures in place at the firm seek to prevent activities that run, or appear to run, contrary to the best interests of the Investment Vehicles. Some of the underlying principles of the Code include the obligation to act with integrity, competence and respect in all work matters, to place the interests of the firm and its clients above personal interests, to avoid actual or potential conflicts of interest and to uphold the rules governing capital markets. All principals and employees of the firm must confirm that they understand the Code and agree to comply with it both upon initial employment and through an annual certification.

Basso's principals and employees may trade securities for their own accounts. No trades are permitted in the securities of companies listed on the firm's "restricted list". Basso reviews the monthly and/or quarterly personal trading records of firm personnel to confirm that no trades were made in securities listed on the firm's restricted securities list.

The Code also contains policies and procedures designed to ensure that insider trading is not engaged in. Insider trading is generally understood to be trading on the basis of material non-public information. The Code addresses the principal elements of insider trading, including materiality, and the procedures for personnel to follow when they come into possession of material non-public information. Maintenance of the restricted list, mentioned earlier, is a central component of the firm's insider trading procedures.

To augment the Code, Basso personnel receive training or compliance reminders in a number of areas. These typically cover such topics as insider trading, market manipulation, regulations that govern trading, required government filings and anti-money laundering prohibitions. Conflicts of interest that can impact the firm and the Fund, such as those arising from the giving and receipt of gifts to and from business partners, and the making of political contributions, are also discussed and the subject of specific compliance procedures.

Investors or prospective investors may obtain a copy of the Code by making a written request to Basso Capital Management, L.P., Attention: Chief Compliance Officer, 1266 East Main St., 4th Floor, Stamford, CT 06902.

B. Conflicts of Interest

Basso is subject to certain conflicts of interest beyond those discussed above which may impact its clients and investors. Primarily, these conflicts concern other business activities that the firm's personnel may engage in that may create time and resource competition with management of the Investment Vehicles. While the firm's personnel devote a significant amount of time to their Investment Vehicle management responsibilities, these personnel are required to devote only such time and attention to the business and affairs of each as they determine to be necessary or advisable. Mr. Nelson is currently involved in other business ventures and may organize or become involved in other business ventures in the future. The Investment Vehicles will not share in the risks or rewards of these other ventures.

ITEM 12 – BROKERAGE PRACTICES

A. Selection of Broker-Dealers

The Investment Vehicles maintain a number of different brokerage and custody arrangements with banks and other established financial institutions. The selection of brokers to execute securities transactions for the Investment Vehicles is guided by the primary goal of obtaining "best execution" for clients. In determining whether they are receiving best execution from specific counterparties, and in circumstances where execution may be obtained from more than one broker or dealer, Basso evaluates such factors as price (including commissions and spreads), quality of investment research, broker reputation, trade execution and liquidity provision capabilities, market knowledge and the other services provided by the broker. Best execution does not always mean getting the lowest possible price for a particular trade.

Basso currently uses multiple electronic communications networks for trading common stock and options. In selecting these networks, the firm considered multiple factors, including their ease of use, speed and routing of trades, trade execution and fullness of market price disclosure.

Basso does not currently generate or receive "soft dollar" commissions from any of the brokers or electronic communications networks it trades with. The firm does receive research from brokers but does not pay for that research.

B. Directed Brokerage

Directed brokerage is the practice of allowing a client to specify the broker-dealers to be used by Basso when it executes that client's transactions. As noted, the firm considers numerous factors in determining which brokers to work with and seeks to obtain best execution at all times. The Investment Vehicles may direct Basso to execute some or all of their respective transactions with a particular broker dealer. These clients should understand that compliance with a directed brokerage arrangement may result in the firm being unable to achieve the most favorable execution of the client's trades. Directing brokerage may also cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because the firm may not be able to aggregate orders to reduce transaction costs.

C. Trade Aggregation and Allocation

The SMAs have overlapping portfolios. Best efforts are used to allocate purchases and sales equitably after consideration of such factors as cash available for investment in each SMA, current SMA asset mix and hedges and SMA investment objectives, restrictions and position sizes. With all factors being equal, Basso's policy is to allocate trades on a pro-rata basis when purchasing and selling securities for the SMAs.

In large measure, the SMAs and the Sub-advised Account do not have overlapping portfolios, thereby minimizing potential trade aggregation and allocation. Any overlap in portfolios occurs in holdings of highly-liquid fixed income securities, thereby limiting trade allocation issues. Purchases and sales of such overlapping securities executed on the same day are done on an average-cost basis across the relevant entities and allocated on a pro-rata basis in the rare cases when full liquidity is not available.

Basso Omni trades a portion of its overall portfolio pursuant to a strategy that was offered to and is now traded as the sole strategy for the Sub-advised Account. Basso, on behalf of Basso Omni, and the Sub-advised Account have agreed to the aggregation and allocation policy that governs their respective strategies. Generally, daily average prices are calculated and applied on transactions of the same security executed in the same markets for both accounts, while it is agreed that certain trades may only be allocated to one account or the other based on regulatory and other factors.

D. Trade Errors

In the course of trading for the Investment Vehicles Basso personnel may make "trade errors" - *i.e.*, errors in executing specific trading instructions. Examples of trade errors include purchasing or selling the wrong security, or the right security in the wrong quantity or account. Trade errors may result in losses or gains. The firm attempts to identify and minimize trade errors, in part by promptly reconciling confirmations with order tickets and intended orders. The SMAs and Sub-advised Account will only be reimbursed for trade errors caused by Basso's gross negligence, willful misconduct, bad faith or fraud. Basso Omni is not reimbursed for trade errors. Reimbursement is made as soon as reasonably possible after the trade error. If reimbursement is unduly delayed, a reasonable amount of pro-rata interest will be added to the reimbursement amount.

ITEM 13 – REVIEW OF ACCOUNTS

Dwight Nelson and Matthew Zimmerman are responsible for developing and implementing the overall investment strategy of the respective Investment Vehicles they manage. Each establishes position sizes, diversification targets, price parameters and the trading activities of their respective portfolios – this entails ongoing review that generally is conducted on a daily basis. The firm's operations team supports the account review process, with a focus on cash management and reconciliation, trade confirmation and reconciliation, portfolio valuation and corporate actions. The firm's Chief Financial Officer focuses on preparation of periodic account statements, portfolio and net asset valuation, cash management and reconciliation, books and records maintenance (as applicable) and other matters.

All SMA investors receive a monthly consolidated report showing all assets contained within their account. SMA investors also have independent access to the web-based portals of their account's custodians and to a third-party account record provider. At least annually Basso reviews each SMA with its principal investor, with the goal of re-assessing their portfolio objectives, wealth management needs and overall asset allocation plan.

The Sub-advised Account's direct investment manager is provided monthly trading profit and loss, and fee, calculations that also include year-to-date totals.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in Item 12, Basso does not currently have any soft dollar arrangements. The firm does not pay for client or investor referrals.

ITEM 15 – CUSTODY

Basso does not have custody of the Investment Vehicles. Custodial relationships for the SMAs (and Basso Omni) are agreed to by the account holders and for the Sub-advised Account by the adviser to the investment fund of which the Sub-advised Account is a part. Basso does provide monthly account reports to SMA clients and arranges access to an online, third-party reporting service for SMA account holders. SMA clients are provided transaction confirmation notices and regular summary account statements directly from the selected qualified custodians for their accounts. SMA clients are urged to carefully review these confirmations and statements.

ITEM 16 – INVESTMENT DISCRETION

Basso accepts and exercises full discretionary authority when managing the Investment Vehicles. This discretion is established for the Sub-advised Account in the Sub-advisory Agreement and for the SMAs (and Basso Omni) in their respective advisory agreements. This discretion includes the authority to determine the securities to be bought and sold, the timing, quantity and price of these securities transactions, the broker or dealer to be used and the commission rates paid. The firm generally also has full discretion, as discussed above in Item 12, to select prime brokerage and other banking and counterparty relationships, as well as related investment parameters, such as leverage.

Prior to and during the ongoing course of any advisory relationship, Basso discusses the account's investment strategy with the account holder. Particularly in the case of the SMAs, these discussions focus on wealth management needs, overall risk parameters and asset-category allocations.

ITEM 17 – VOTING CLIENT SECURITIES

Basso has the authority to vote all securities held by the SMAs (and Basso Omni). The firm has adopted proxy voting policies and procedures consistent with Rule 206(4)-6 under the Advisers Act. The general policy is to vote proxy proposals in a way that the firm believes will cause the related investment's value to increase the most or decline the least. In limited circumstances, the firm may abstain from voting a proxy when it believes this course of action would be in a given SMA's best interest.

Basso's General Counsel/Chief Compliance Officer or his designee, in coordination with the firm's investment professionals and operations staff, prime brokers and an independent proxy voting service: receives proxy voting materials, determines the SMAs' holdings as of the record date, identifies and addresses any material conflicts between the firm's interests and those of the SMAs, determines how to vote, or as noted, whether to abstain from voting, submits proxy votes and keeps proxy voting records. If a conflict of interests is identified, the firm will not vote the proxy on behalf of a given SMA until it has determined that the conflict is not material or has agreed upon and implemented a method for resolving the conflict.

As a standard practice, the portfolio manager in charge of the security being voted is asked for voting instructions. A brief description of the ballot is circulated to the portfolio manager along with the official ballot, which contains a more detailed statement of the issues being voted, and typically, company management's voting recommendations. Votes contrary to company management's recommendation on routine matters are supported by an explanation from the portfolio manager, as are all votes on non-routine matters. Examples of non-routine matters include mergers, substantial asset dispositions, material acquisitions and certain corporate governance changes.

Basso does not permit individual investors or a group of investors to direct proxy voting.

Investors may obtain a copy of Basso's proxy voting policy, and information regarding how client securities have been voted, by making a written request to Basso Capital Management, L.P., Attention: Chief Compliance Officer, 1266 East Main St., 4th Floor, Stamford, CT 06902.

ITEM 18 – FINANCIAL INFORMATION

Basso does not solicit prepayment of fees from its clients. The firm has not been the subject of a bankruptcy petition during the past ten years.