HIGHLAND CAPITAL MANAGEMENT

COMPLIANCE MANUAL

THIS MANUAL IS THE PROPERTY OF HIGHLAND CAPITAL MANAGEMENT, L.P. (THE "COMPANY") AND MUST BE RETURNED TO THE COMPANY SHOULD AN EMPLOYEE'S ASSOCIATION WITH THE COMPANY TERMINATE FOR ANY REASON. THE CONTENTS OF THIS MANUAL ARE CONFIDENTIAL AND SHOULD NOT BE REVEALED TO THIRD PARTIES.

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ATTACHMENTS

GLOSSARY OF TERMS

Accredited Investor	Means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person • Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors • Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 • Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose

	of acquiring the securities offered, with total assets in excess of $5,000,000 • Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer • Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 For the purposes of calculating net worth: o The person's primary residence shall not be included as an asset o Indebtedness this is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability; and o Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability The above, (i), will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that: o Such right was held by the person on July 20, 2010 o The person qualified as an accredited investor on the basis of net worth at the time the person acquired such right; and

	○ The person held securities of the same issuer, other than such right, on July 20, 2010 • Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; • Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and • Any entity in which all of the equity owners are accredited investors
Access Person	Means "access person", as defined under Rule 204A-1 of the Investment Advisers Act of 1940, including (i) any employee who (a) has access to nonpublic information regarding any clients' purchases or sales of securities, or nonpublic information regarding the portfolio holdings of any reportable fund or (b) is involved in making securities recommendations to clients, or who has access to such recommendations that are non-public. All directors, officers, and partners are presumed to be Access Persons under Rule 204A-1
ADV Part 1	Means Highland's Uniform Application for Investment Adviser Part 1 as currently on file with the SEC
ADV Part 2	Means Highland's Uniform Application for Investment Adviser Part 2A and 2B as currently updated
Advertisement	Means any notice, circular, letter or other written communication addressed to more than one person, or any notice or other announcement in any publication or by radio or television, that offers: (a) any analysis, report or publication concerning

	securities or that is to be used in making any determination as to when to buy or sell any security or as to which security to buy or sell; (b) any graph, chart, formula or other device to be used in making any determination as to when to buy or sell any security or as to which security to buy or sell; or (c) any other investment advisory services with regard to securities
Advisers Act	Means the Investment Advisers Act of 1940
Affiliate	Means (A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, or employee of such other person; (E) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and (F) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof
Annual Review	Means Highland's Annual Review as conducted pursuant to Rule 206(4)-7
Assignment	Means any direct or indirect transfer or hypothecation of a contract or chose in action by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor; but does not include an assignment of partnership interests incidental to the death or withdrawal of a minority of the members of the partnership having only a minority interest in the partnership business or to the admission to the partnership of one or more members who, after such admission, shall be only a minority of the members

	and shall have only a minority interest in the business
Chief Compliance Officer	Means that person designated by the Company, including his or her designees, as applicable, who is primarily responsible for implementing and enforcing the policies and procedures adopted by the Company in accordance with Rule 206(4)-7 under the Advisers Act and set forth in this Manual; it being understood that the Chief Compliance Officer's role is limited to that set forth in this definition and under no circumstances shall the Chief Compliance Officer or any other member of Compliance be deemed to be a supervisor of the Company or of any of its personnel or agents
Client	Means any Managed Account Client, Private Fund Client, Retail Fund Client, Business Development Company ("BDC") or any other person with respect to which the Company provides or enters an agreement to provide investment advisory services.
Collateralized Loan Obligation ("CLO")	Means a form of securitization where loans are pooled together and passed on to different classes of owners in various tranches
Company	Means Highland Capital Management, L.P. and each of its advisory affiliates, as applicable, which for purposes of this Manual, shall include its partners, members, directors, officers, employees, subsidiaries and other affiliates. An advisory affiliate means: (i) all of the Company's current employees (other than employees performing only clerical, administrative, support or similar functions); (ii) all of the Company's officers, partners or directors (or any person performing similar functions); and (iii) all persons directly or indirectly controlling the Company or controlled by the Company. All Policies included in the Manual shall apply to the Company unless expressly stated to the contrary in a specific policy.

Complaint	Means any statement by, or no behalf of, a Client that conveys a material grievance with the advisory services provided by the Company
Code of Ethics	Means the Code of Ethics as most recently adopted by Highland. The Code of Ethics requires strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC
Commodity Futures Trading Commission (CFTC)	Means the federal agency created by Congress in 1974 to regulate futures trading and protect participants against manipulation and fraud, through its administration of the Commodities Exchange Act
Compliance Calendar	Means the Calendar maintained by the Compliance Department for purposes of outlining and administering the Compliance Program. The Calendar enumerates specific tasks including testing performed, required SEC filings, and updates to the Compliance Manual and ADV Part I and II among other things
Compliance Manual	Means this Compliance Manual adopted by the Company, including each Policy listed on the Table of Contents hereof, all exhibits and appendices attached hereto, and any other policy or procedure referenced herein
Control	Means the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. Control may also be determined by a person's ownership interest in an entity. Control may also have various other definitions in certain federal and state securities laws, as such determinations of Control shall be made, as necessary, by the Chief Compliance Officer in his/her sole discretion.

Director	Means any director of a corporation or any person performing similar functions with respect to any organization, whether incorporated or unincorporated, including any natural person who is a member of a board of trustees of a management company created as a common-law trust
Employee	Means any person employed by the Company
Exchange Act	Means the Securities Exchange Act of 1934, as amended, and the rules, regulations, and interpretations promulgated thereunder by the SEC
Federal Trade Commission (FTC)	Means the federal agency established in 1914 to foster free and fair business competition and prevent monopolies and activities in restraint of trade. It administers both antitrust and consumer protection legislation
Financial Industry Regulation Authority (FINRA)	Means the Financial Industry Regulation Authority ("FINRA") is the largest independent regulator for all securities firms doing business in the United States. FINRA touches virtually every aspect of the securities business from registering and educating industry participants to examining securities firms; writing rules; enforcing those rules and the federal securities laws; informing and educating the investing public; providing trade reporting and other industry utilities; and administering the largest dispute resolution forum for investors and registered firms. It also performs market regulation under contract for The NASDAQ Stock Market, the American Stock Exchange, the International Securities Exchange and the Chicago Climate Exchange
Form U-4	Means the form required to be filed or "notice filed" with the State of Texas by Investment Advisers and employees engaged in certain activities as defined by the Texas State Securities Board
Funds	Means all Funds, Private Funds, Separate Accounts, Sub-Advised Accounts and any and all accounts,

	swap, derivative, or other arrangement containing Client Account assets
The Fund Manual	Means the Retail Fund Compliance Manual
Fund Manager	Means an employee given such title or a delegate of such person who is responsible for managing Client investment oversight for certain Clients
The Graham Leach-Bliley Act	Means the Gramm-Leach-Bliley Act, a financial institution must provide its customers with a notice of its privacy policies and practices, and must not disclose nonpublic personal information about a consumer to nonaffiliated third parties unless the institution provides certain information to the consumer and the consumer has not elected to opt out of the disclosure. The Act also requires the Commission to establish for financial institutions appropriate standards to protect customer information. The final rules implement these requirements of the Gramm-Leach-Bliley Act with respect to investment advisers registered with the Commission, brokers, dealers, and investment companies, which are the financial institutions subject to the Commission's jurisdiction under that Act
Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act)	Means the HSR Act, a federal antitrust statute that requires parties to certain mergers or acquisitions of voting securities and/or assets to (i) file written notification with the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission; and (ii) observe a 30-day waiting period prior to consummating the merger or acquisition
Investment Company Act	Means the Investment Company Act of 1940
Investment Discretion	Means an account any person (A) is authorized to determine what securities or other property shall be purchased or sold by or for the account; (B) makes decisions as to what securities or other property shall be purchased or sold by or for the account even though some other person may have responsibility

	for such investment decisions; or (C) otherwise exercises such influence with respect to the purchase and sale of securities or other property by or for the account as the Commission, by rule, determines, in the public interest or for the protection of investors, should be subject to the operation of the provisions of this title and the rules and regulations thereunder
Managed Account	Means, with respect to each Managed Account client, (i) all cash, securities and other financial instruments and assets of the Managed Account Client placed under the supervision of the Company from time to time; plus (ii) all investments, reinvestments and proceeds of the sale thereof, including, without limitation, all dividends and interest thereon and all appreciation thereof and any additions thereto, less depreciation thereof and withdrawals therefrom
Managed Account Client	Means any person that may place a Managed Account under the supervision of the Company pursuant to a Managed Account agreement (or similar contract) entered into by the Company and such person
Material Non-Public Information	Means any information that that has not been disseminated in a manner making it available to investors generally for which there is a substantial likelihood that a reasonable investor would consider important in making an investment decision; the disclosure of the information would alter the total mix of information available generally; or the disclosure of the information is reasonably certain to have a substantial effect on the market price of the security
NASDAQ	Means NASDAQ, a computerized system established by the NASD to facilitate trading by providing broker/dealers with current bid and ask price quotes on over-the-counter stocks and some listed stocks. Unlike the Amex and the NYSE, the NASDAQ (once an acronym for the National Association of securities Dealers Automated

	Quotation system) does not have a physical trading floor that brings together buyers and sellers. Instead, all trading on the NASDAQ exchange is done over a network of computers and telephones
Negotiated Security	Means a private placement where the Company is negotiating non-pricing terms such as covenants, collateral and management rights. The foregoing term does not include derivative and other instruments where the Company determines that there is no practical constraint on the amount available for acquisition or disposition
Order Management System	Means the system the Company uses to execute and track trade information
Private Fund Client	Means any corporation, general partnership, limited partnership, limited liability company, trust, or other legal organization that receives investment advice from the Company based on its investment objectives rather than the individual investment objectives of its shareholders, partners, limited partners, members or beneficiaries, and that would be an investment company under Section 3(a) of the Investment Company Act but for the exception provided from that definition by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act
Portfolio Manager	Means an employee given such title or any person with responsibilities for managing the Company's investment in one or more issuers
Personal Trading System (PTS)	Means the system used by the Company to monitor trading by Access Persons and employees in their personal accounts
Qualified Eligible Participants	Means, among others: (i) natural persons that are "qualified purchasers"; (ii) non-U.S. persons; (iii) "knowledgeable employees"; (iv) persons having at least $2,000,000 investment portfolio; (v) persons having deposits of at least $200,000 in initial margin and option premiums for commodity interest

	trading; and or/ (vi) persons having a portfolio satisfying a combined securities and commodity interest threshold
Qualified Client	Means: • A natural person who or a company that immediately after entering into the contract has at least $ 1,000,000 under the management of the investment adviser • A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either (i) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $ 2,000,000 at the time the contract is entered into; or (ii) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; in making this determination: o The person's primary residence must not be included as an asset o Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and o Indebtedness that is secured by the person's primary residence in excess of

	the estimated fair market value of the residence must be included as a liability; • A natural person who immediately prior to entering into the contract is (i) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or (ii) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months
Qualified Custodian	Means: a bank as defined in section 202(a)(2) of the Advisers Act or a savings association as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1)) that has deposits insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. 1811); a broker-dealer registered under section 15(b)(1) of the Securities Exchange Act of 1934, holding the client assets in customer accounts; a futures commission merchant registered under section 4f(a) of the Commodity Exchange Act (7 U.S.C. 6f(a)), holding the client assets in customer accounts, but only with respect to clients' funds and security futures, or other securities incidental to transactions in contracts for the purchase or sale of a commodity for future delivery and options thereon; and a foreign financial institution that customarily holds financial assets for its customers, provided that the foreign financial institution keeps the advisory clients'

	assets in customer accounts segregated from its proprietary assets
Regulation D	Means Regulation D as promulgated under the Securities Act. Regulation D governs the sale and resale of private placements
Reporting Person	Means an employee, officer, contractor, consultant, subcontractor or agent of the Company required by the Compliance Manual from time to time to report certain matters to the Compliance Department
Retail Fund	Means any investment company, unit investment trust, business development company, or other such company as defined from time to time by the investment company act which requires substantially similar registration with the SEC
Rule 144	Means Rule 144 as promulgated under the Securities Act. Rule 144 governs the public sale of unregistered securities sets forth the conditions under which a holder of unregistered securities may make a public sale without filing a formal registration statement. Certain reporting requirements include holding periods, current public information, volume limitation and manner of sale.
Securities Act	Means the Securities Act of 1933, as amended, and the rules, regulations, and interpretations promulgated thereunder by the SEC
Security	Means any note, stock, treasury stock, security future, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or

	privilege entered into on a national securities exchange relating to foreign currency, or in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or any note, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited
Supervised Person	Means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of the Company or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser
Supervisor	Means any employee, partner, officer or director of the Company or of any of its affiliates who has the requisite degree of responsibility, ability or authority to affect the conduct of an employee whose behavior is overseen
Reporting Person	Means any person required to file a Form 13 or Form 3, 4, or 5 pursuant to Sections 13 and/or 16 of the Securities Exchange Act of 1934
USA Patriot Act (Patriot Act)	Means the USA Patriot Act. The Patriot Act requires that all financial institutions, including private investment funds such as those advised by the Company, implement policies and procedures designed to guard against and identify money laundering activities
United States Securities and Exchange Commission (SEC)	Means the federal agency created by the Securities Exchange Act of 1934 to administer that act and the securities act of 1933 (which also now includes the Advisers Act and the Investment Company Act). The statues administered by the SEC are designed to promote full public disclosure and protect the

	investing public, among many things, against fraudulent or deceptive practices in the securities market.
U.S. Treasury Department, Office of the Foreign Assets Control ("OFAC")	Means the Office of Foreign Assets Control of the US Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under US jurisdiction
Target Allocation	Means the allocation given to a Client by a Fund Manager prior to execution and Final Allocation
Trade Error	Means, but is not limited to, a transaction which is executed in a manner that was not intentional and therefore the result of the transaction requires the company to take corrective action to bring about the initial intent of the trade

POLICY REGARDING COMPLIANCE OVERSIGHT

Purpose and Scope

The purpose of this policy regarding compliance monitoring (this "Policy") is to ensure that the Company adequately monitors the policies and procedures set forth elsewhere in this Manual, in accordance with all applicable law, in order to: (i) prevent and detect violations of the securities laws; and (ii) promptly correct violations that have occurred and adopt measures designed to prevent their recurrence in the future. This Policy outlines the Company's obligation to monitor and enforce compliance with its policies and procedures.

General Policy

This Manual has been prepared for the principals and any employees of the Company, and aims to fulfill the Company's requirements under Rule 206(4)-7 promulgated by the SEC under the Advisers Act which requires each registered investment adviser to: (i) adopt and implement written policies and procedures that are reasonably designed to prevent violations of the Advisers Act and the rules promulgated by the SEC thereunder by such adviser or any of its supervised persons; (ii) designate a Chief Compliance Officer responsible for administering such policies and procedures; and (iii) at least annually, conduct a review of the adequacy of such policies and procedures and the effectiveness of their implementation. This Manual is intended to summarize the principal legal issues involved as a result of the Company's status as a registered investment adviser and to establish policies and procedures applicable to all employees of the Company.

Designation of Chief Compliance Officer

The Chief Compliance Officer is responsible for the general administration of the policies and procedures set forth in this Manual. The Chief Compliance Officer shall review all reports submitted pursuant to this Manual, answer questions regarding the policies and procedures set forth in the Manual, update this Manual as required from time to time, and arrange for appropriate records to be maintained, including copies of all reports submitted under this Manual. Furthermore, the Chief Compliance Officer is responsible for the periodic review of the policies and procedures of the Company set forth in this Manual for adequacy and effectiveness of implementation.

The Chief Compliance Officer shall investigate any possible violations of the policies and procedures set forth in this Manual and will present any violations to Senior Management to determine whether sanctions should be imposed, including a letter of censure, fine, suspension, termination or a combination thereof of employment or such other course of action as may be appropriate. The Chief Compliance Officer shall report the findings of his or her interim and annual reviews to Senior Management, and shall work with appropriate personnel to promptly remedy any material violations that have occurred. Other

than those duties that are required by applicable law to be performed personally by the Chief Compliance Officer, all duties outlined in this Manual may be performed by a designee operating at the instruction of the Chief Compliance Officer.

Notwithstanding anything contained herein to the contrary, the Chief Compliance Officer's role is limited to that set forth in this Section and under no circumstances shall the Chief Compliance Officer or any other member of Compliance be deemed to be a supervisor of the Company or of any of its personnel or agents.

Adoption of Policies and Procedures

The Company has adopted the procedures set forth in this Manual to ensure that the Company, its principals and its employees fulfill their fiduciary duties to its Clients and the Company's compliance with the Advisers Act and the rules promulgated thereunder. This manual has been developed to provide an overview of policies and procedures for the Company to meet its obligations under the Advisers Act. The Company expects all employees to be thoroughly familiar with the policies and procedures set forth in this Manual. In the event that the Chief Compliance Officer determines that new policies and procedures are required due to significant compliance events, changes in the Company's or a Client's business arrangements and/or regulatory developments, the Chief Compliance Officer shall coordinate with the Company's legal counsel if necessary to develop and adopt such new policies and procedures as may be necessary or appropriate. Materially revised policies and procedures shall be distributed to all employees of the Company promptly upon their adoption. Copies of this Manual and such policies and procedures are available on the Company's proprietary H.O.M.E. page under the Legal & Compliance tab.

Employees with questions not answered by this Manual should promptly contact the Company's Chief Compliance Officer or, in his or her absence, a member of the Company's Legal and Compliance Department.

Review of Policies and Procedures

Annual Review

As an investment adviser registered under the Advisers Act, the Company must review no less than annually the adequacy and effectiveness of the policies and procedures established pursuant to Rule 206(4)-7. The purpose of the Annual Review is to provide senior management with sufficient comfort that all areas of the business are receiving appropriate attention and that there is adequate compliance oversight. The Company's Annual Review will generally be completed within 120 days following the end of the applicable annual review period, and shall consider:

(i) Material compliance matters or violations that arose during the previous year;

(ii) Changes in the business activities of the Company or its affiliates or its Clients, as appropriate;

(iii) Changes to the Advisers Act or to any others applicable law, rule or regulation; and

(iv) Portfolio management processes.

The review will also assist the Chief Compliance Officer in identifying areas where more resources or attention is required. The Annual Review will specifically cover the following areas:

(i) Portfolio management processes;

(ii) Trading practices;

(iii) Proprietary trading of the Company;

(iv) Personal trading of all persons defined as Access Persons herein;

(v) Accuracy of disclosures to investors, Clients and regulators;

(vi) Safeguarding of Client assets;

(vii) Accurate creation and secure maintenance of required records;

(viii) Marketing advisory services;

(ix) Valuation of Client assets;

(x) Safeguarding the privacy of Client records and information; and

(xi) Business continuity plans.

In addition to those items enumerated above, in conducting the annual review the Chief Compliance Officer may consider any such other records, "red flags", employee communications, interviews, and other such matters as necessary and appropriate to complete the Annual Review.

Compliance Calendar

The Chief Compliance Officer uses a Compliance Calendar. The Compliance Calendar assigns tests and compliance monitoring to a member of Compliance Department who is responsible for performing such tests on a periodic basis. The results of all compliance testing are documented in electronic and physical form, reviewed and approved by the Chief Compliance Officer. The results are discussed periodically with Senior Management. In addition to the testing, the Compliance Department may also conduct interim reviews of applicable policies and procedures in response to significant compliance events, changes in

the Company's or a Client's business arrangements and/or regulatory developments or at such other times as the Chief Compliance Officer may determine. Such interim reviews shall be conducted on an as needed basis as determined by the Chief Compliance Officer, unless otherwise requested by Senior Management or the Company's legal counsel.

Training of Employees

Fiduciary Standard

As a fiduciary, the Company owes its Clients more than honesty and good faith alone. The Company has an affirmative duty to act in the best interests of its Clients and to make full and fair disclosure of all material facts relating to its investment advisory activities, particularly where the Company's interests may conflict with those of its Clients.

Pursuant its fiduciary duty, the Company must at all times act in its Clients' best interest. Among the specific obligations that flow from the Company's fiduciary duty, as indicated by the SEC are:

(i) A duty to have a reasonable, independent basis for its investment advice;

(ii) A duty to obtain best execution for its Clients' securities transactions where the Company is in a position to direct brokerage transactions;

(iii) A duty to ensure that its investment advice is suitable to its Clients' objectives, needs and circumstances;

(iv) A duty to refrain from effecting personal securities transactions inconsistent with Client interests; and

(v) A duty to be loyal to Clients.

Each of the Company's employees is fiduciary to the Company's Clients and owes the duties referenced above. This Manual is designed to set forth rules of conduct to be followed by employees to ensure that they adhere to these fiduciary duties.

Supervision

The Advisers Act requires investment advisers to supervise the activities of persons acting on their behalf in order to prevent violations of applicable law. All employees with explicit or implicit supervisory authority have an affirmative duty to supervise. The SEC has brought a number of enforcement actions against members of an adviser's senior management for failing to adequately supervise its employees or agents, including experienced employees, and/or to respond appropriately to "red flags" indicating potential wrongdoing.

Each Supervisor of the Company shall reasonably supervise each person under his or her supervision, with a view to preventing violations of the Advisers Act, the Investment Company Act, the Securities Act, the Exchange Act and the Commodity Exchange Act, and all rules and regulations promulgated thereunder.

An investment adviser or supervising individual generally will not be deemed to have failed to supervise any person if it has: (i) established procedures, and a system for applying such procedures, that are reasonably designed to prevent and detect securities law violations; and (ii) reasonably carried out supervisory duties and responsibilities, without cause to believe that the procedures were being violated.

The Company's supervised persons may have explicitly defined supervisory responsibilities because of a position or title, and/or de facto supervisory responsibilities because of activities, roles, abilities, or operational authority within the firm. The Company shall not rely on self-reporting and self-monitoring by company personnel to detect securities law violations, but shall ensure that all personnel have actually read and understand the policies and procedures set forth in this Manual. The Chief Compliance Officer shall be responsible for obtaining from each of the Company's personnel an initial acknowledgement, substantially in the form attached hereto as **Appendix A** within 60 days of the date of such employee's hiring, and a recertification, substantially similar to the form attached hereto as **Appendix A** within 30 days after the end of the Company's fiscal year, stating that the employee has read and understands all relevant sections of this Manual and/or any amendments thereto. The Chief Compliance Officer shall have the authority to exempt certain Company personnel from this requirement. To fulfil the duty to supervise, all Supervisors have affirmative duties to:

- Ensure that the Company's practices are consistent with the Company's written policies and procedures, and consistent with disclosures to Clients or Investors;
- Effectively monitor Employees over whom they have supervisory authority in a manner consistent with the Company's policies and procedures; and
- Ensure that the Company responds appropriately and in a timely manner to any actual or suspected wrongdoing, undisclosed conflicts of interests, ineffective internal controls or other compliance risks.

Supervised persons are generally expected to discuss any perceived risks, or concerns about the Company's business practices, with their direct supervisor. Supervisors should act prudently and exercise good judgment when determining an appropriate response to any reported risks or concerns. The CCO must be informed of any potentially serious risks, material weaknesses in internal controls, or inappropriate business practices. Although each potential issue or risk will be addressed on a case-by-case basis, the CCO typically works with the affected Employee's direct supervisor, and may also involve other members of senior management, to achieve an appropriate resolution.

Conflicts of Interest

Section 206 of the Advisers Act generally makes it unlawful for the Company to engage in fraudulent, deceptive or manipulative conduct and imposes a fiduciary duty, the purpose of which is to prevent the Company from overreaching or taking unfair advantage of a client by requiring the Company to identify all material conflicts of interest, and then disclosing them to clients. As a fiduciary, the Company must make full and fair disclosure of all material facts, particularly, where the Company's interest may conflict with the Client's. The type of disclosure required by the Company in such a situation will depend upon all the facts and circumstances, but as a general matter, the Company must disclose to Clients all material facts regarding the potential conflict of interest so that the Client can make an informed decision whether to enter into or continue an advisory relationship with the Company or whether to take some action to protect himself against the specific conflict of interest involved.

Prohibited Communications

During the course of employment, employees may come into the possession of non-public information relating to the Company, Clients, employees or other persons. This includes information relating to securities transactions on behalf of Clients, advice furnished by the Company to its Clients, non-public data furnished to the Company by any Client, agent or contractor of the Company, Client lists, vendor names, Clients' customer lists and other Client information, Company business records, Client files, personnel information, financial information, leases, software, licenses, agreements, computer files, documents, business plans, and the analyses and other proprietary data or information of the Company and other persons. All of this information, whether or not material and whether about the Company, its Clients, employees, or other persons, is strictly confidential. This information may not be copied or disclosed to anyone outside the Company, including family members, or to any employee who is not authorized to receive the information, either during or after employment. Any doubts about the confidentiality of information should be resolved in favor of confidentiality. Employees should consult the Chief Compliance Officer for guidance on specific cases.

Any employee who violates this policy will be subject to disciplinary action up to and including possible discharge, whether or not he or she benefits from the disclosed information. Any disclosure or use of such confidential business information or property may also subject an employee to civil liability or criminal penalties. If an employee breaches this policy, or threatens to commit a breach, in addition to any rights and remedies available to the Company and/or its Clients under law, the Company and/or a Client may seek to enjoin an employee from any violation.

Personal Conflicts

It is a violation of an employee's duty of loyalty to the Company for any employee, without the prior written consent of the Chief Compliance Officer, to:

(i) rebate, directly or indirectly, to any person, firm, corporation or association, other than the Company, compensation of any nature as a bonus, commission, fee, gratuity or other consideration in connection with any transaction on behalf of the Company or a Client account;

(ii) accept, directly or indirectly, from any person, firm, corporation or association, other than the Company, compensation of any nature as a bonus, commission, fee, gratuity or other consideration in connection with any transaction on behalf of the Company or a Client account;

(iii) borrow money from any of the Company's suppliers or Clients. However, the receipt of credit on customary terms in connection with the purchase of goods or services is not considered to be borrowing within the foregoing prohibition. In addition, acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities, such as home mortgage loans, is permitted except where prohibited by law.

Reporting of and Consent for Outside Activities

In order to be sure that employees devote their time to their duties at the Company and to ensure that employees do not take on activities that could present conflicts of interest, all outside activities conducted by an employee must be approved prior to participation by the Chief Compliance Officer or his/her designee by completing and submitting a Disclosure of Outside Activities form. The Chief Compliance Officer or his/her designee may require full details concerning the outside activity including the number of hours involved and the compensation to be received. In addition, in connection with any approval of an outside activity, such approval may, at the discretion of the Chief Compliance Officer, be subject to certain conditions deemed necessary or appropriate to protect the interests of any Client. Prior to accepting an officership or directorship in any business, charitable organization or non-profit organization, an employee must also obtain approval from the Chief Compliance Officer.

Reporting of Director Positions and Compensation

The Company and/or its affiliates, including, without limitation, any of their respective employees, may be asked to provide various services (including servicing as an officer or director) to various companies in which the Company's managed investment accounts have an economic interest. In such situations, the relevant employee(s) must promptly notify the Chief Compliance Officer of the activity prior to commencement of the

service. Additionally, except to the extent the offering and/or governing documents for such Client accounts permit otherwise, all compensation in whatever form, including any non-cash compensation such as restricted shares, must be immediately paid to the Company for the benefit of the Client accounts that hold securities of the company for which the service is provided (generally in proportion to relative assets of the Client Account as of the date paid). The amount of any required rebates will generally be calculated based on the respective ownership by Client accounts in the "first loss tranche" of the capital structure of the subject company (i.e., equity ownership in the case of a solvent issuer), subject to the disclosures in the governing documents of the applicable Client accounts which may provide for a different calculation (e.g., basing calculations on total enterprise value) or impose additional requirements (e.g., requiring board approval of the relevant company).

Reporting Violations

In addition to the required certifications, the Company requires employees of the Company to immediately report (1) good faith concerns regarding any act or failure to act by an employee, officer, contractor, subcontractor or agent of the Company that could constitute (a) a potential violation of any rule or regulation of the SEC, (b) a potential violation of any provision of state or federal law (including fraud against, or violations of fiduciary duty to, the Company's Clients and/or to the shareholders of the Funds) or (c) a potential violation of any of the Company's or the Funds' policies or procedures, including compliance policies, and (2) good faith complaints and concerns regarding the Company or the Funds' accounting, internal accounting controls or audit matters. Each matter reportable under either (1) or (2) of this paragraph will be referred to as a "Suspected Violation" for purposes of this Policy. The Fund Manual contains a separate policy describing Complaint Procedures for Accounting and Auditing Matters (the "Fund Complaint Procedures"). To the extent a Suspected Violation may be relevant to the Funds, Reporting Persons may choose to use either this policy or the Fund Complaint Procedures. Employees who are uncomfortable submitting information to the Chief Compliance Officer, including any reports concerning the Chief Compliance Officer, may submit reports of Suspected Violations directly to Senior Management or to their supervisors or Team Leader. Employees should take care to report violations to a person who they believe is not involved in the Suspected Violation.

The Company and any employee, officer, contractor, subcontractor, or agent of the Company, is prohibited from discharging, demoting, suspending, threatening, harassing, or in any other manner discriminating against an employee in the terms and conditions of the employees employment because of any lawful act done in good faith by the employee to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes is reportable under these procedures. It is the policy of the Company to encourage employees to report Suspected Violations. Employees have the option, and are encouraged to, report any Suspected Violations to the Chief Compliance Officer with confidentiality. This policy is intended to

create an environment where Reporting Persons can act without fear of reprisal or retaliation.

Additionally, nothing in this Compliance Manual should be construed as prohibiting employees from reporting possible violations of rules, laws, or regulations to any government agency or entity or making other disclosures that are protected under whistleblower provisions of law. To be clear, employees do not need to make such reports or disclosures to the Company before making them to a government agency or entity, they do not need prior authorization to make such reports or disclosures, and they are not required to notify the Company that they have made any such report or disclosure.

Compliance Report Recordkeeping

Copies of any compliance reports, as well as any other records that document the Company's review of the effectiveness of its policies, shall be maintained in accordance with the requirements of the Company's **Policy Regarding Recordkeeping**. Examples of the type of records to be maintained include information regarding interviews conducted, exception records, employee or other certifications, reconciliation workbooks and checklists, and other materials reviewed or utilized in the monitoring of the Company's compliance program.

Sanctions for Violations

Violations of the Company's compliance program, failures to comply with applicable law, and other types of misconduct that may or may not result in a breach of the Company's fiduciary duties to its Clients can threaten the Company's reputation and can endanger its legal status. Any known or suspected material violations of the compliance program or applicable law should be promptly discussed by the Chief Compliance Officer with the Company's legal counsel. If such violations do not appear to be isolated incidents, revisions to the Company's compliance policies and procedures may be necessary. In such event, follow-up testing shall be conducted by the Chief Compliance Officer to ensure that such revisions are effective in preventing further violations of the policies and procedures and/or applicable law.

Violations of the Company's compliance program may subject an employee to disciplinary actions, including, but not limited to, disgorgement of profits, demotion, suspension or termination. In determining the appropriate disciplinary action to impose for a violation of the Company's compliance program, the Chief Compliance Officer, in conjunction with Senior Management and the Company's counsel, may consider the following factors:

(i) The nature of the violation and the ramifications of the violation to the Company and its clients;

(ii) Whether the employee was directly or indirectly involved in the violation;

(iii) Whether the violation was willful or unintentional;

(iv) Whether the violation represented and isolated occurrence or a pattern of conduct;

(v) Whether the employee in question reported the violation;

(vi) Whether the employee withheld relevant or material information concerning the violation;

(vii) The degree to which the employee cooperated with the investigation;

(viii) The disciplinary action previously imposed for similar violations;

(ix) The employee's past violations, if any;

(x) Whether the violation constituted a fraudulent or illegal act; and

(xi) Any other facts deemed to be material by the Chief Compliance Officer, the Company's Counsel or Senior Management.

In consideration of the factors listed above and other factors necessary in light of the Company's business practices, the Chief Compliance Officer has enumerated certain fines and discipline for infractions of various provisions of this Manual and the Code of Ethics, where applicable such enumerated fine or discipline will be referred to in this Manual, but a complete listing of these can be found in the Company's Code of Ethics.

Registered Investment Companies

The Company may from time to time serve as an investment adviser to one or more investment companies (the "Retail Funds" or "Funds") registered under the Investment Company Act, as amended, which have their own, separate compliance manual ("Fund Manual"). In addition, the Company serves as sub-advisor to one or more Retail Funds, and in connection therewith, the additional policies and procedures contained in the attached Compliance Manual Supplement with respect to Regulatory Compliance and Operations Procedures for Registered Investment Companies shall apply and be incorporated by reference. Moreover, the Adviser or an affiliate, may also serve as adviser to various Retail Funds that are sub-advised by other advisers ("Sub-Advised Retail Fund"). For any Sub-Advised Retail Fund, the Retail Fund Board must consent to the use of the Sub-Advised Retail Funds compliance policies and the Chief Compliance Officer must determine which policies it will adopt of the Sub-Advised Retail Fund and/or which policies of the Fund Manual or this Manual will be applicable. Where policies and procedures in this Manual conflict with those in the Fund Manual or a Sub-Advised Retail Fund manual, the Company will generally follow the Fund Manual or Sub-Advised Retail Fund manual in providing advisory services to the Funds, unless such action would be a violation of the Advisers Act, in which case the Chief Compliance Officer will take appropriate steps to resolve the conflict.

Enforcement of the Manual

Unless expressly stated otherwise, the Chief Compliance Officer shall be primarily responsible for implementing and enforcing this Policy and all other policies and procedures set forth in this Manual, and for approving any exception to such policies or procedures. The Chief Compliance Officer shall also be primarily responsible for monitoring compliance with such policies or procedures, on a regular basis, and, at least annually, assessing the adequacy and effectiveness of such policies or procedures. The Chief Compliance Officer shall report the findings of his monitoring and assessment to senior management, and shall revise any such policies or procedures as deemed necessary or appropriate.

POLICY REGARDING ADVERTISING AND MARKETING

Purpose and Scope

The purpose of this policy regarding advertising and marketing ("Policy") is to ensure that the Company complies with applicable Securities and Exchange Commission ("SEC") and Financial Industry Regulatory Authority ("FINRA") rules and regulations with respect to the use and distribution to Clients, prospective Clients and other third parties of information that constitutes advertising or marketing material. This Policy outlines what constitutes an "advertisement," provides guidelines with respect to the use of such materials and assigns responsibility with respect to the review and approval of advertising and marketing materials.

These guidelines are not meant to cover every potential circumstance and all communications must be reviewed within the context of its specific usage, content, context, audience, etc. Any questions regarding the rules and regulations concerning marketing/advertising should be directed to the Compliance Department.

Overview

The Company regularly produces marketing documents for distribution to Clients and/or prospective Clients. Depending on the target audience, there are different rules and regulations that pertain to these communications. In addition, different regulatory organizations may have oversight depending on the method of distribution. This Policy will cover the approval process for marketing documents and the regulatory requirements pertaining to both "Institutional" and "Retail" materials.

Please note the terms "advertising" and "marketing," and "investors" and "Clients" are used interchangeably throughout this document.

General Policy

Section 206 of the Advisers Act prohibits the Company from engaging in any fraudulent, deceptive or manipulative activities. Section 206(4) gives the SEC rulemaking authority to define such activities and prescribe reasonable means to prevent them. Pursuant to this authority, the SEC has adopted Rule 206(4)-1, which defines certain advertising practices to be a violation of Section 206.

Rule 206(4)-1 prohibits the Company and its employees from publishing, circulating or distributing any advertisement:

(i) which refers, directly or indirectly, to any testimonial of any kind concerning the Company or concerning any advice, analysis, report or other service rendered by the Company;

(ii) which refers, directly or indirectly, to past specific recommendations of the Company that were or would have been profitable to any person; provided, however, that this shall not prohibit an advertisement which sets out or offers to furnish a list of all recommendations made by the Company within the immediately preceding period of not less than one year in accordance with Rule 206(4)-1;

(iii) which represents, directly or indirectly, that any graph, chart, formula or other device being offered can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them; or which represents, directly or indirectly, that any graph, chart, formula or other device being offered will assist any person in making his own decisions as to which securities to buy or sell, or when to buy or sell them, without prominently disclosing in such advertisement the limitations thereof and the difficulties with respect to its use;

(iv) which contains any statement to the effect that any report, analysis, or other service will be furnished free or without charge, unless such report, analysis or other service actually is or will be furnished entirely free and without any condition or obligation, directly or indirectly; or

(v) which contains any untrue statement of a material fact, or which is otherwise false or misleading.

Additionally, advertisements by investment companies are subject to the general anti-fraud provisions of Rule 156 under the Securities Act of 1933 and Rule 34b-1 under the Investment Company Act of 1940, which make it unlawful for an investment company to use materially misleading sales literature, i.e., sales literature containing a material misstatement or omission. Specifically, advertisements and sales literature by investment companies are subject to the content requirements under Rule 482 of the Securities Act of 1933.

What is an Advertisement?

The term "advertisement" includes any notice, circular, letter or other written communication addressed to more than one person (or any notice or other written announcement in any publication or by radio or television) which offers, among other things:

(i) Any analysis, report, or publication concerning securities, or which is to be used in making any determination as to when to buy or sell any security, or which security to buy or sell;

(ii) Any graph, chart, formula, or other device to be used in making any determination as to when to buy or sell any security, or which security to buy or sell; or

(iii) Any investment advisory services with regard to securities.

The SEC interprets this definition broadly. An advertisement may be virtually anything provided to more than one Client or prospective Client, including material on a web site, communications by e-mail, news article reprints, or information provided to consultants. If information about other advisory services or products is included with information regarding services currently provided to a prospective Client, the additional information may be considered an advertisement subject to these rules. Accordingly, the following communications may be deemed to be advertisements under the applicable rules:

(i) Market commentaries;

(ii) Fund overviews;

(iii) Presentation materials;

(iv) Form letters;

(v) Pitch books;

(vi) Request for Proposals ("RFPs");

(vii) Fact sheets; and

(viii) Due diligence questionnaires ("DDQs").

Exceptions to Definition of Advertisement

The term "advertisement" does not include a written communication that merely responds to an unsolicited request for information by a Client, prospective Client, or consultant. However, a request is not considered unsolicited if the investment adviser directly or indirectly makes an "affirmative effort" to induce the request. "Advertisement" also does not include a written communication to existing Clients that is part of the Client's ongoing relationship with the adviser provided the communication cannot be construed as an attempt to persuade such persons to remain Clients of the Company.

It is the Company's policy that all material forms of advertisement to, and written solicitations of, prospective Clients and current Clients must be reviewed and approved by the Compliance Department.

Basic Guidelines

Generally, the determination of whether an advertisement is truthful, accurate, balanced and not misleading depends on the facts and circumstances surrounding the advertisement's use. This determination takes into account the advertisements form and content, the implications or inferences arising out of the advertisement in its local context, and the sophistication of the audience to whom the advertisement is distributed. Regardless

of the intended audience, all marketing materials: (i) may not contain any false, misleading or exaggerated language, and (ii) must not state or imply that an investor can expect a specific rate of return from investing in a fund. Additionally, the following is a non-exhaustive list of factors and guidelines that must be considered when creating/reviewing a marketing document:

(i) The overall context in which any statement or statements are made should be carefully evaluated. A statement made in one context may be misleading, even though such a statement could be perfectly appropriate in another context. Employees should provide a balanced and reasonable discussion of any product and/or service.

(ii) The audience to whom the communication is directed. Different levels of explanation or detail may be necessary, depending on the audience, i.e. Institutional vs. Retail, as discussed in more detail below.

(iii) The overall clarity of the marketing piece. Information may be placed in a footnote or legend only in the event that such placement would not inhibit an investor's understanding of the communication.

(iv) Marketing materials should be easily understood and provide complete disclosure of any relevant and material facts.

(v) All communications with the public must be based on principles of honesty, fairness, fair dealing, good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service.

(vi) No employee may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

(vii) False, exaggerated, unwarranted, promissory, deceptive or misleading statements or claims are prohibited. No employee may publish, circulate or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

(viii) The use of statistics, illustrations and statements, which may be factually correct are not acceptable if their impact is misleading or creates confusion.

(ix) Communications with the public may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.

(x) By law and for compliance testing purposes, the Company must maintain support for all performance numbers and similar portfolio and/or firm data.

It is important to note that, since the Company is a registered investment adviser, applicable law regarding the use of advertising and/or marketing materials by registered investment advisers applies to all of the Company's activities (whether conducted within or without the United States). Therefore, this Policy applies with equal force to all Company advertising and marketing material, regardless of where or to whom such material is to be published, circulated or distributed.

Use of RIA or Other Designation

No employee may use the term "RIA" after his or her name or after the Company's name in any marketing materials. Nor may any employee use the term "investment counsel". An investment adviser is prohibited from representing or implying in any communication in any manner whatsoever that it has been sponsored, recommended or approved, or that an employee's abilities or qualifications have in any respect been passed upon, by the United States or any agency or officer thereof. In addition to these restrictions and those enumerated in Section 208 of the Advisers Act, the Company prohibits any employee from using any designation (e.g., CPA, CFA, CMA), without first providing to the Chief Compliance Officer proof that the employee has earned such title and is currently active in the manner required by such professional organization.

Performance Advertising

Any performance data distributed by the Company and its employees to prospective or existing Clients is subject to the provisions of Rule 206(4)-1 under the Advisers Act. Rule 206(4)-1(a)5 prohibits an investment adviser from publishing, circulating or distributing any advertisement that contains any untrue statement of a material fact, or which is otherwise false or misleading.

In an influential 1986 no-action letters issued to Clover Capital Management, Inc., the SEC staff set forth a number of advertising practices that it deems inappropriate. While not exhaustive, the Clover list highlights the significance of the disclosures in performance advertising. In addition, the staff has said generally that whether or not any communication is or is not misleading will depend on all of the particular facts including (1) the form as well as the content of a communication, (2) the implications or inferences arising out of the context of the communication, and (3) the sophistication of the prospective client. In order to ensure compliance with Rule 206(4)-1, the Company has adopted the following rules concerning performance advertisements:

(i) Advertisements may refer to actual results provided the following rules are adhered to:

(a) The advertisement must disclose the effect of material market or economic conditions on the results portrayed;

(b) The advertisement must reflect the deduction of advisory fees, brokerage commissions and other expenses that a Client would have paid;

(c) The advertisement must disclose whether and to what extent the results portrayed include the reinvestment of dividends and other earnings;

(d) The advertisement must not suggest potential profits without also disclosing the possibility of loss;

(e) If the advertisement compares results to an index, it must also disclose all material factors relevant to any comparison; and

(f) The advertisement must disclose any material conditions, objectives, or investment strategies used to obtain the performance advertised.

(ii) Advertisements may refer to model results provided the following rules are adhered to:

(a) The advertisement must disclose prominently the limitations inherent in model results;

(b) The advertisement must disclose, if applicable, material changes in the conditions, objectives, or investment strategies of the model portfolio during the period portrayed and, if so, the effect thereof;

(c) The advertisement must disclose, if applicable, that some of the securities or strategies reflected in the model portfolio do not relate, or relate only partially, to the services currently offered by the Company; and

(d) The advertisement must disclose, if applicable, that the Company's Clients actually had investment results that were materially different from those portrayed in the model.

In connection with the use of actual performance results, if performance results are only for a selected group of Clients, the advertisement must disclose the basis on which selection was made and the effect of this practice on the results portrayed (if material). The Company may distribute advertisements that illustrate model performance results. As stated above, these advertisements must reflect the deduction of advisory fees. The model fee deducted in these types of advertisements is equal to the highest fee charged to any account employing the model strategy during the performance period.

All performance data contained in marketing material must be reasonably current. Performance data should generally be considered "stale" when data for the second

performance period that follows becomes available. Exceptions to the foregoing may include where the applicable governing documents for a Client require reporting for a different period. Otherwise, non-performance data should generally be updated quarterly, but may be updated less frequently in circumstances where updated data is not reasonably available and or the presentation of the material would not be materially misleading.

Exception for One-on-One Presentations

Generally, advertising that includes performance data must be presented net of advisory and other fees; however, the Company is permitted to include performance data in advertisements without the deduction of its advisory fees under limited circumstances provided that such advertisements are limited to one-on-one presentations to certain Clients or net of fees performance is included with the gross results in equal prominence provided that such disclosure is approved by the Chief Compliance Officer. In addition, the Company must provide at the same time to these Clients the following additional disclosures:

(i) Disclosure that the performance results do not reflect the deduction of investment advisory fees;

(ii) Disclosure that the Client's return will be reduced by the advisory fees and other expenses it may incur as a Client;

(iii) Disclosure that the Company's advisory fees are described in Part 2A to its Form ADV;

(iv) A representative example (in the form of a table, chart, graph, narrative, or footnote) showing the effect of compounded advisory fees, over a period of years, on the value of the Client's portfolio where applicable; and

(v) Deduction of Advisory Fees in Advertised Results.

Performance Reporting

The Company as a fiduciary aims to treat every Private Fund Client and potential Private Fund Client equally. Under normal circumstances, the Company uses commercially reasonable efforts to provide Private Fund Clients a general estimate of the net performance return for the prior month as agreed to in the fund offering documents. Prior to the 20th business day of the month, the Company also uses reasonable best efforts to provide many Private Fund Clients with a monthly update that includes performance, or estimated performance, information (gross of performance fees and net of all fees) for the prior month. The Company uses commercially reasonable efforts to provide Private Fund Clients with an unaudited preliminary mid-month gross performance estimate for the prior month.

Procedures for Approving Marketing Materials

The Chief Compliance Officer is primarily responsible for the establishment, implementation and monitoring of this Policy. Prior to use, each item of advertising or sales literature must be approved by a member of the Company's Compliance Department. Marketing materials (which include, but are not limited to, pitchbooks, requests for proposal, due diligence questionnaires, and any changes to the Company's public website), must be submitted to the Marketing H.O.M.E. system for approval. All Employees of the Company are enabled to submit material to H.O.M.E. at this time. For advertisements, or other sales literature relating to registered investment company Clients advised by the Company, the applicable Fund Manual should be consulted as additional requirements with respect to such advertisements or sales literature may be required. Additionally, depending on the content of the piece, submission to FINRA may be required.

The Company must keep all performance advertisements and all documents necessary to form the basis for that performance information. The required supporting documents must be maintained for not less than five years from the end of the fiscal year in which the advertisement was last published or otherwise disseminated, the first two years of which must be in the Company's main office.

Marketing Review and Approval Process

As a general policy, all marketing materials must be submitted at least 48 hours prior to the deadline needed for distribution in order to provide sufficient time for review and any subsequent required revisions. There are times when unexpected deadlines and other circumstances prevent submission with the necessary lead time, in these cases the Compliance Department will make every effort to accommodate these requests. Limited exceptions can be made to the 48-hour rule on an as-necessary basis.

Never distribute materials without the Compliance Department's approval. If a deadline is approaching, contact the Chief Compliance Officer.

Process – H.O.M.E. Submission

All marketing materials regardless of whether they are intended for institutional or retail audiences must be submitted for approval via H.O.M.E. The process for submitting documents via H.O.M.E. is as follows:

(i) Under the "BackOffice" section at the top, choose "Marketing" from the drop-down menu, click on "Documents – Pending", and then click the blue box in the top right "+Add New".

(ii) Complete all required sections and any other applicable sections (the ID is prepopulated). You can also upload any supporting documentation at the

bottom of the page. Provide as much information in the Description/Notes section to aid the reviewer. When finished, click the blue box "Save".

(iii) After you submit the piece for approval, you should receive an email confirming that the document was successfully submitted to the Compliance Department for approval.

(iv) You can now go to the back to the main screen and the document will show under the "Marketing Document Pending Requests" section along with an ID. This ID is the H.O.M.E. number that MUST be added to the last page of the document.

(v) After the Compliance Department reviews the document, you will receive an email that states that it was approved, denied, or needs to be reworked.

(vi) Documents requiring rework must be resubmitted to Compliance for final approval. No documents requiring rework can be used until Compliance approves reworked document.

Note: Investors must receive applicable GIPS benchmark composite during product offering for firm to maintain compliance with GIPS standards.

A process similar to that set forth above may be utilized when retail materials are submitted to AdMaster, a third-party service provider.

Industry Panel Presentations

Prior to the use of any item, draft talking points, or other presentation materials which will be a part of any industry or conference presentation, materials must be approved by a member of the Company's Compliance Department. The required supporting documents must be maintained for not less than five years from the end of the fiscal year in which the advertisement was last published or otherwise disseminated, the first two years of which must be in the Company's main office.

Media Inquiry

Periodically employees may receive requests in the form of phone calls, emails or other methods from members of the media (including but not limited to news reporters, nationally syndicated talk show hosts, investment journals, online bloggers, etc.) for commentary on various topics involving the Company and or its Clients. Responses to these inquiries can only be provided by certain approved persons, such as the Company's senior management or public relations personnel after consultation with a representative of the Company's Legal and Compliance Department. Any other persons who receive inquiries shall immediately refer them to the Company's public relations personnel.

Social Media Compliance

The use of any social media networks for Company business communications with Clients or prospective Clients is prohibited without the express approval of the Chief Compliance Officer or the Compliance Department. All business communications with Clients or prospective Clients must be facilitated through Company approved systems only.

Social media networks include, but are not limited to Facebook, Twitter, Instagram, Vine, etc. Examples of prohibited business communications include, but are not limited to, any email, instant message, blog, tweet, status update, or wall post/comment. This includes communications either directly with the Client/prospective Client or posted on a publicly accessible website. Employees are reminded that the use of social media for personal purposes may have implications for the Company, particularly where the Employee is identified as an officer, employee or representative of the firm. Profile postings and/or updates in Linked-In, however, are permitted. No Employee may discuss or post information pertaining to any security, investment strategy or similar information without the express approval of the Chief Compliance Officer or another member of the Compliance Department

In instances where the Chief Compliance Officer approves the use of social media for business purposes, all such social media postings must be submitted to the Company's Compliance Department and approved prior to public use.

Marketing or Advertising in Foreign Jurisdictions

Additional restrictions may apply to any marketing or advertising of any advisory services in any foreign jurisdiction. As a result, the applicable marketing or other Company personnel must provide the Compliance Department at least one-week advance notice prior to commencing any such activities needed for distributions using H.O.M.E. Such notice is required so that the Compliance Department may assess any additional restrictions or requirements that may be applicable. In any event, no such activities may be commenced without the prior approval of the Compliance Department.

Marketing to Government Entities

Prior to marketing to government entities, the employee conducting the marketing should ask the Chief Compliance Officer to review the list of all political contributions made by the Company and employees to determine whether the contributions would prohibit the Company from retaining the government entity as a Client or Investor. The employee conducting the marketing should also consult with the Chief Compliance Officer regarding any potential requirements to register as a lobbyist before seeking to manage any public pool of money. The Chief Compliance Officer may consult with Outside Counsel if there is any question regarding a potential need for the Company or the employee to register as a lobbyist.

Institutional Marketing

Overview

This section pertains to marketing that is specific to the Company's private fund offerings, although many requirements are similar regardless of the audience or type of fund. Please note that the term "Institutional Marketing" includes marketing for all the private fund offerings regardless of whether the Client is an actual institution or other Client type suitable to invest in the funds.

Institutional Marketing regulation falls primarily under SEC Rule 206(4)-1 of the Investment Advisers Act ("Advertising Rule"). For funds that are distributed through a broker-dealer, FINRA rules also apply. For additional information regarding applicable FINRA rules pertaining to advertising, please refer to the appropriate section below under "Retail Marketing".

The Advertising Rule

The Advertising Rule defines "advertising" broadly to include:

Any notice, circular, letter or other written communication addressed to more than one person, or any notice or other announcement in any publication or by radio or television, which offers:

(i) any analysis, report, or publication concerning securities, or which is to be used in making any determination as to when to buy or sell any security, or which security to buy or sell; or

(ii) any graph, chart, formula, or other device to be used in making any determination as to when to buy or sell any security, or which security to buy or sell; or

(iii) any other investment advisory service with regard to securities.

Under this definition virtually any marketing material that is sent to more than one person is considered to be an advertisement and therefore must adhere to all applicable rules. All advertisements must be reviewed and approved by the Compliance Department prior to distribution. As described above, all marketing submissions should be facilitated using the H.O.M.E. system in the manner detailed previously.

As noted in the "Basic Guidelines" section above, all marketing materials are required to meet basic content guidelines. In addition, the Advertising Rule identifies four separate practices that are either restricted or prohibited. These practices are discussed in detail below.

Testimonials

The use, directly or indirectly, of any testimonial of any kind concerning the advice, analysis, report or other service rendered by the Company is prohibited. A testimonial is any statement by a current or former client that endorses or otherwise discusses a favorable experience with the investment adviser. There are two exceptions to the prohibition on the use of testimonials:

(i) Bona-fide news article written by an unbiased third party – The Company may use references to its past performance as long as it has been made in a news article written by an unbiased third party. Any references to a third-party article must be properly noted in the piece either in the actual document or clearly footnoted.

(ii) Client lists - A client list is not considered a testimonial as long as it only identifies certain Clients of the Company. However, the Company must still ensure that the list is not misleading, may not be misinterpreted, or cause confusion to the reader. In addition, the list should not be created using performance-based criteria.

Past Recommendations

No "cherry picking" of specific profitable investments is permitted. Any references, directly or indirectly, to past specific recommendations are prohibited. However, there are exceptions to the rule as long as two conditions are met:

(i) The advertisements must include a list of all recommendations made "within the immediately preceding period of not less than one year". The list must include:

a. name of the security recommended;

b. date and type of recommendation (buy, sell or hold);

c. market price at the time of recommendation;

d. price at which the recommendation was to be acted upon; and

e. current price of the security.

(ii) The following statement (or substantially similar one) must be in a footnote or legend on the same page as the list in a size at least as large as the largest print or type used in the body:

"It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list"

The SEC does allow the disclosure of a limited number of recommendations as long as the presentation would not be deemed misleading. The SEC has stated that this requirement would be met if:

(i) the securities are chosen based on objective, non-performance based criteria;

(ii) reports do not discuss realized or unrealized profits or losses;

(iii) include relevant disclosures; and

(iv) maintain records regarding selection criteria.

Use of a Graph, Chart, Formulas, etc.

If the advertisement represents, either directly or indirectly, that any graph, chart, formula or other device being offered can in and of itself be used to determine which securities to buy, sell or when to buy or sell them; or which represents directly or indirectly, that any graph, chart, formula or other device being offered will assist any person in making his or her own decisions as to which securities to buy, sell, or when to buy or sell them, without prominently disclosing in such advertisement the limitations thereof and the difficulties with respect to its use.

Free Products or Services

If any report, analysis, or other service is advertised as free or without charge, it must not be contingent on fulfilling some other obligation or condition, directly or indirectly.

Performance Advertising – Example: Clover Capital No Action Letter

On October 28, 1986, the SEC issued a "No Action Letter" to Clover Capital Management that set forth a number of practices regarding the use of performance information in advertisements. In addition to the Clover Capital letter, the SEC has issued subsequent No Action Letters that provide further clarification on permissible content in performance advertising. Some of the relevant practices that have been addressed:

(i) **Material Market or Economic Conditions**: The effect of a material market or economic condition on the results must be disclosed. For example, an advertisement stating that the Company's clients were up 25% without also disclosing that the market was up 40% would be misleading.

(ii) **Deduction of Fees**: Results must reflect the deduction of advisory fees, brokerage or other commissions and any other expenses that a client would have paid or actually paid. There are two primary exceptions:

a. One-on-one Presentations to Sophisticated Persons or Institutions: These presentations can show gross performance numbers as long as there is

disclosure that performance does not reflect the deduction of fees, the return would be reduced by such fees, and the Company's Form ADV Part 2A discloses fee information. In addition, an example must be included, on the same page or slide, which shows the effect of compounded advisory fees, over a period of years.

b. Gross and Net Fees in Equal Prominence: Gross results can be shown if the net results are also shown in equal prominence and disclosure is made explaining the net fee calculation and that gross fees do not reflect any fees or expenses.

(iii) **Reinvestment of Dividends**: The results must disclose whether they reflect the reinvestment of dividends or other earnings.

(iv) **Index/Benchmark Comparison**: If results are compared to an index or other benchmark then all material facts relevant to the comparison must be disclosed. For example, the index is materially different that the Company's portfolio.

(v) **Material Conditions**: Any material condition, objective, or investment strategies used to achieve performance must be disclosed. (e.g., the portfolio contained specific types of securities, used leverage, hedging techniques, etc.)

(vi) **Results Applicable to Select Clients**: If applicable, must disclose that the results portrayed only relate to a select group of the advisers clients, the basis on which the selection was made, and the effect of the results portrayed, if material.

Recordkeeping Requirements

The SEC requires that all advertisements be maintained for at least a period of five years from the date of last use. The H.O.M.E. system is used to maintain all advertising documents for the Company. H.O.M.E. maintains the following for each piece:

(i) a copy of the final advertisement;

(ii) evidence of approval by the Compliance Department;

(iii) supporting documentation for any calculations of hypothetical or actual performance results; and

(iv) any subsequent revisions/updates.

There can be no changes, alterations or deletions to approved material unless it is again reviewed by the Compliance Department. Approved material that is changed, altered or has had material deleted is no longer approved for use.

Retail Marketing

Overview

This section pertains to the marketing that is specific to the Company's retail business which includes all retail fund products and any materials that are distributed through NexBank Securities, Inc. ("NSI") and Highland Capital Funds Distributor, Inc. ("HCFD"). Please note that the "Retail Marketing" section includes marketing for all retail offerings regardless of how they are distributed and to whom they are distributed. For example, this would include marketing for a private fund that is marketed by an NSI wholesaler or a marketing piece for HCFD that is used by a broker at another firm to solicit an account.

Retail marketing done by the Company is governed by both applicable FINRA and SEC rules. Since most of the Retail Marketing is used by FINRA member firms, all applicable FINRA rules need to be addressed. In addition, most mutual fund advertising falls under Rule 482 of The Securities Act of 1933 which provides specific requirements regarding mutual fund marketing and is the primary advertising rule for mutual funds.

Specific Guidelines for Mutual Funds

Rule 482 provides specific requirements for the use of historical performance data (there is no requirement that performance data must be used in an advertisement). Rule 482 has separate requirements for Money Market and Non-Money Market Funds. The following are the requirements pertaining to Non-Money Market Funds:

(i) **Income Funds**: These funds may include standardized 30-day yield as of the most recent date practically possible. If the 30-day yield is included the advertisement must also show standardized quotations of 1-year, 5-year, and 10-year (or life of fund, if shorter) annual return for the fund as of the end of the most recent calendar quarter. All performance information must be given equal prominence. The calculation should include all initial charges deducted from purchases, such as sales loads; recurring charges, such as advisory fees; and any deferred charges, such as back-end loads or redemption fees.

(ii) **Equity Funds**: May show standardized quotations of 1-year, 5-year, and 10-year (or life of fund, if shorter) annual return for the fund as of the end of the most recent calendar quarter. Non-standardized total return quotations also are permitted provided they are accompanied by the standardized returns noted above. The calculation includes all initial charges deducted from purchases, such as sales loads; recurring charges, such as advisory fees; and any deferred charges, such as back-end loads or redemption fees.

In addition to the above requirements, an advertisement must disclose all fees and/or charges that are not reflected in any performance quotations, this includes all sales loads.

However, the advertisement need not provide separate disclosure of fees that are included in the performance data such as advisory, administration and distribution fees.

Use of Graphs, Charts, etc.

The use of any graph, chart, or other illustrative device that includes performance information is subject to Rule 482 and therefore must include the required information noted above. This means that an advertisement cannot include only a graph of performance unless it also includes all required performance information in the advertisement. These pieces that contain graphs illustrating the historical performance of an investment must disclose the relevant assumptions such as: the initial investment amount, whether dividends and capital gains were reinvested, whether taxes have been reflected, and whether sales loads or other fees were deducted.

Disclosure Requirements

Rule 482 requires that certain disclosures are included in fund advertisements depending on the content. Every fund must include disclosures that state:

i. Advises an investor to consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing;

ii. Explains that the prospectus contains this and other information about the investment company;

iii. Identifies a source from which an investor may obtain a prospectus; and

iv. States that the prospectus should be read carefully before investing.

In addition, if the advertisement includes performance data the following additional disclosures are required:

i. The performance data quoted represents past performance;

ii. Past performance does not guarantee future results;

iii. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost;

iv. Current performance may be lower or higher than the performance quoted;

v. A toll-free number or website where the investor can may obtain performance data current to the most recent month end;

vi. If a sales load or any other nonrecurring fee is charged, the maximum amount of the load or fee, and if the sales load or fee is not reflected, a statement that the performance data does not reflect the deduction of the sales load or fee, and that, if reflected, the load or fee would reduce the performance quoted; and

vii. In a print advertisement, type size must be presented in a type size at least as large as and of a style different from, but at least as prominent as, that used in the major portion of the advertisement.

Filing Requirements

Under Rule 482 all investment company advertisements are required to be filed with the SEC unless filed with FINRA by a member firm. All Company advertisements will be filed by a FINRA member firm.

FINRA Rules

FINRA regulates all broker-dealers and has oversight authority for any product that is distributed by a member firm. Rules 2210 and 2212 are the primary rules covering communications with the public. FINRA rules, while generally more detailed and provide more specific guidance than comparable SEC rules, also differ in some circumstances.

Definition of Advertising

One difference between FINRA and SEC rules is that while the SEC, under the Investment Advisers Act, defines all marketing, which is sent to multiple recipients, as "Advertising", FINRA classifies all communications with the public into one of three main categories depending on the audience. "Communications with the Public" include "Correspondence," "Retail communication," and "Institutional communication".

While covering all of the requirements of the FINRA Communications with the Public rules is beyond the scope of this guide, the two categories covering general marketing to the public are "Retail communication" and "Institutional communication". For practicable purposes there is no difference in terms of the approval requirements, content standards and process.

FINRA Rule 2210(d) Content Standards

By FINRA Rule, there are certain content standards applicable to **all** communications with the public, as follows:

i. All communications must be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No employee may omit any material fact or qualification if the

omission, in light of the context of the material presented, would cause the communications to be misleading.

ii. No employees may make any false, exaggerated, unwarranted, promissory or misleading statement or claim in any communication. No employee may publish, circulate or distribute any communication that the employee knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

iii. Information may be placed in a legend or footnote only in the event that such placement would not inhibit an investor's understanding of the communication.

iv. Employees must ensure that statements are clear and not misleading within the context in which they are made, and that they provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments.

v. Employees must consider the nature of the audience to which the communication will be directed and must provide details and explanations appropriate to the audience.

vi. Communications may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast; provided, however, that this paragraph (d)(1)(F) does not prohibit:

a. A hypothetical illustration of mathematical principles, provided that it does not predict or project the performance of an investment or investment strategy

b. An investment analysis tool, or a written report produced by an investment analysis tool, that meets the requirements of Rule 2214; and

c. A price target contained in a research report on debt or equity securities, provided that the price target has a reasonable basis, the report discloses the valuation methods used to determine the price target, and the price target is accompanied by disclosure concerning the risks that may impede achievement of the price target.

FINRA Rule 2212. Use of Investment Companies Rankings in Retail Communications

"Ranking Entity" refers to any entity that provides general information about investment companies to the public, that is independent of the investment company and its affiliates, and whose services are not procured by the investment company or any of its affiliates to assign the investment company a ranking.

Headlines/Prominent Statements

A headline or other prominent statement must not state or imply that an investment company or investment company family is the best performer in a category unless it is actually ranked first in the category.

Required Disclosure

All retail communications containing an investment company ranking must disclose prominently:

i. the name of the category (e.g., growth);

ii. the number of investment companies or, if applicable, investment company families, in the category;

iii. the name of the Ranking Entity and, if applicable, the fact that the investment company or an affiliate created the category or subcategory;

iv. the length of the period (or the first day of the period) and its ending date; and

v. criteria on which the ranking is based (e.g., total return, risk-adjusted performance).

Other Required Disclosure

i. the fact that past performance is no guarantee of future results;

ii. for investment companies that assess front-end sales loads, whether the ranking takes those loads into account;

iii. if the ranking is based on total return or the current SEC standardized yield, and fees have been waived or expenses advanced during the period on which the ranking is based, and the waiver or advancement had a material effect on the total return or yield for that period, a statement to that effect;

iv. the publisher of the ranking data (e.g., "ABC Magazine, June 2011"); and

v. if the ranking consists of a symbol (e.g., a star system) rather than a number, the meaning of the symbol (e.g., a four-star ranking indicates that the fund is in the top 30% of all investment companies).

Standardized Performance

If an employee quotes any performance information (YTD, 1 yr., etc.), employees are required to also provide the standardized quotations of 1, 5, and 10 year (or since inception, if shorter) average annual total returns for the fund and the standard performance disclosure.

i. For funds with front-end sales charges, this material must state whether the performance takes those loads into account.

ii. The total annual fund operating expense ratio, gross of any fee waivers or expense reimbursements, as stated in the fee table of the investment company's prospectus.

iii. Past performance is no guarantee of future results.

iv. Indexes - The performance of the index does not represent the performance of the funds - an investment cannot be made in the index.

FINRA Approval Requirements

FINRA also requires that select pieces of Retail communications must be submitted for approval. This is in contrast to the SEC who generally does not require that advertisements be filed (with the exception of investment company advertisements noted above), nor will they allow pieces to be submitted voluntarily for review or offer feedback on any advertising piece. FINRA has various filing requirements that depend on several factors such as the age of the member firm, content of the piece, or past compliance.

The filing requirement most pertinent is that any Communication related to a mutual fund (registered investment company as stated in the rule) must be filed within ten business days of first use. For most pieces relating to the retail funds, HCFD, the funds distributor, will file with FINRA. However, all fund marketing should still be reviewed and approved by the Compliance Department. For specific guidance regarding the filing requirements of any marketing material please contact the Compliance Department.

NSI/HCFD Requirements

As a FINRA member firm, NSI/HCFD has unique requirements relating to advertising review compared to the Company. In addition to the filing requirements noted above, NSI/HCFD is required to have a principal approve all communications with the public that will be used by the firm (a principal is someone who has passed the required FINRA

licensing exams). All marketing materials that are intended for use by NSI/HCFD (or any other member firm) should be reviewed (or also reviewed) by an NSI/HCFD principal.

Recordkeeping Requirements

The rules regarding recordkeeping also differ from the SEC. FINRA only requires that all communications with the public be maintained for a period of at least three years with the first two years in an easily accessible location. (as opposed to six with the SEC) Each piece must also have evidence of review (initial and date) by a principal of the member firm.

Investor Complaints

Any statement that alleges specific inappropriate conduct by the Company or one of its employees, may constitute a complaint. Although investor observations about general market conditions, the actions of a Portfolio Company or a Private Fund's performance may not rise to the level of being classified as a complaint, you should consult with the Chief Compliance Officer if there is any question as to whether a communication from an investor or any other person/entity is a complaint.

All employees must immediately report and forward any complaints to the Chief Compliance Officer. Failure to report a complaint will be cause for corrective action, up to and including dismissal.

Summary

There are various rules and regulations pertaining to advertising/marketing that are administered by different regulatory organizations. The SEC rules generally remain fairly static and periodic guidance is issued via "No Action", "Interpretive", or "Exemptive" letters. In contrast, FINRA is fairly active updating existing rules and providing guidance via "Regulatory Notices" as warranted. If you have any questions on a specific rule or need guidance on any item, please do not hesitate to contact a member of the Compliance Department at any time at compliance@highlandcapital.com.

POLICY REGARDING SOLICITATION

Purpose and Scope

The purpose of this policy regarding solicitation arrangements (the "Policy"), is to govern the Company's relationships with persons who refer prospective Clients to the Company, and provide guidelines for the payment of cash compensation to such persons. Rule 206(4)-3 of the Advisers Act establishes a regulatory framework pursuant to which persons (referred to herein as "solicitors") introducing new Client accounts to the Company may receive referral fees. This framework is designed to ensure that the interests of investors referred to the Company are adequately protected by requiring that the Company and the solicitor fully disclose the terms of their arrangement to the referred prospective investor, including terms relating to any compensation paid by the Company to the solicitor.

General Policy

The Company may make cash payments to solicitors who refer new advisory Clients (including investors in pooled vehicles) to the Company. Each such arrangement must be memorialized by a written Solicitation Agreement (as defined below) which shall conform to the requirements of Rule 206(4)-3 under the Advisers Act and must be approved by the Chief Compliance Officer. Specifically, each such Solicitation Agreement will, at minimum, require that the solicitor which is a party to the agreement provide each prospective advisory Client which it intends to refer to the Company with: (i) a disclosure statement detailing the terms of the arrangement between the Company and the solicitor; and (ii) a current copy of Part 2A of the Company's Form ADV (or another document that contains substantially similar information).

Statutory Requirements

The Company may engage employees or third parties to obtain new investment advisory Clients. Rule 206(4)-3 under the Advisers Act permits the Company to pay a cash fee to a person soliciting Clients for the Company so long as:

(i) the solicitor is not subject to court order or administrative sanction and has not been convicted within the past ten years of certain felonies or misdemeanors;

(ii) the fee is paid pursuant to a written agreement to which the Company is a party; and

(iii) certain disclosures are made to the potential Client.

The type of disclosure required to be given depends on whether or not the solicitor is affiliated with the Company.

Affiliated Solicitors

If the solicitor is affiliated with the Company (e.g., an officer, director or employee of the Company or a partner, officer, director or employee of an entity that controls, is controlled by, or is under common control with the Company), the solicitor must disclose the nature of this relationship to prospective Clients at the time of the solicitation, but no disclosure about the specific terms of the solicitation arrangement is required. For purposes of this Policy employees or contractors for NexBank Securities, Inc. and Highland Capital Fund Distributors, Inc. are deemed to be affiliates of the Company.

Unaffiliated Solicitors

If the solicitor is not affiliated with the Company, the written agreement must:

(i) describe the solicitation activities engaged in by the Unaffiliated Solicitor on behalf of the Company and the compensation received by the Unaffiliated Solicitor therefor;

(ii) contain an undertaking by the Unaffiliated Solicitor to perform its duties in a manner consistent with the instructions of the Company and the provisions of the Advisers Act and the rules promulgated thereunder;

(iii) require that the Unaffiliated Solicitor, at the time of any solicitation activities for which compensation is paid or to be paid by the Company, provide such prospective Client with a copy of Part II of the Company's Form ADV, or "brochure," as that term is defined in Rule 204-3 under the Advisers Act, and a separate written disclosure statement from the Unaffiliated Solicitor containing the information required by such Rule (the "Solicitors Disclosure Statement"); and

(iv) The Company must make a bona fide effort to ascertain whether the Unaffiliated Solicitor has complied with the Solicitation Agreement, and has a reasonable basis for believing that the Unaffiliated Solicitor has so complied.

The Solicitation Rule requires the Solicitor's Disclosure Statement to include:

(i) the names of the solicitor and the Company, and the nature of the relationship, including any affiliation, between the solicitor and the Company;

(ii) disclosure regarding whether the solicitor will be compensated for its services by the Company, and a description of the amount of such compensation, the frequency with which it is paid, the method for calculating amounts payable to the solicitor, and the circumstances pursuant to which such payments shall terminate; and

(iii) disclosure regarding whether or not the prospective Client will be charged any fee (in addition to the Client's investment amount) as a result of the Company's use of the solicitor, and if so, the amount of such additional fees.

Procedures for entering Solicitation Agreements

As a matter of Company policy, the Company shall not enter into any arrangement with respect to the referral of advisory Clients to the Company with any person unless such arrangement is memorialized by a written agreement executed by such person (whether affiliated or unaffiliated) prior to, or at the time of, any solicitation activities conducted on behalf of the Company, or any Private fund Client, by such person. Employees of the Company that are charged with entering into such arrangements are prohibited from entering into any Solicitation Agreement on behalf of the company without first obtaining the prior consent of the Chief Compliance Officer.

Additionally: (i) the Company will not pay any solicitor with respect to prospective Clients unless the applicable signed and acknowledged Solicitor's Disclosure Statement has been delivered and is on file with the Company; and (ii) the Chief Compliance Officer shall not grant approval with respect to any proposed Solicitation Agreement unless the Chief Compliance Officer is reasonably satisfied that the solicitor: (a) remains eligible to serve as an authorized agent of the Company because such solicitor is not subject to the Bad Boy Provisions of Rule 206(4)-3(a)(1)(ii); and (b) has acted, in all respects, in compliance with the applicable Solicitation Agreement, and all applicable law.

Each applicable Solicitation Agreement proposed to be entered into by the Company shall comply with the requirements of this Policy. Additionally, the Compliance Department will use his or her reasonable efforts to conduct annual reviews of all practically obtainable and publicly available information for the purpose of determining whether any new information is available regarding solicitors that are parties to Solicitation Agreements with the Company that would render such solicitor ineligible under this Policy. Further, each employee of the Company shall promptly notify the Chief Compliance Officer in the event that such employee becomes aware of any disciplinary or other information relating to or regarding a solicitor that is party to a Solicitation Agreement with the Company, whether or not such employee believes that such information calls into question such solicitor's ability to continue to serve as agent of the Company.

Non-Cash Referral Fees

The Company shall not pay any form of non-cash compensation to any solicitor in consideration of any Client referral. If an employee of the Company has identified a particular situation in which it might be appropriate to make such payments, such employee should consult the Chief Compliance Officer regarding obtaining a limited exception to the Policy and, assisting in preparing and implementing certain reversions, amendments or

supplements to this Policy in order to facilitate an appropriate arrangement between the Company and the solicitor.

Enforcement of Policy

The Chief Compliance Officer will be primarily responsible for implementing and enforcing this Policy. Specifically, the Chief Compliance Officer shall:

(i) Review all proposed Solicitation Agreements to ensure that they comply with the provisions of this Policy and applicable law;

(ii) Be responsible for obtaining and retaining all documentation required by this Policy prior to the consummation of any advisory relationship between the Company and any referred prospective Client; and

(iii) On an annual basis, conduct additional diligence designed to determine whether there are any issues particular to any solicitor that has been engaged, which diligence should include a FINRA broker search as well as "Google" or other internet search regarding the applicable firms/representatives.

POLICY REGARDING ANTI-MONEY LAUNDERING

Purpose and Scope

The purpose of this policy regarding anti-money laundering (this "Policy") is to implement an anti-money laundering program that is reasonably designed to prevent the Company from being used to launder money or finance terrorist activities. This Policy provides guidance to all Company personnel regarding the Company's anti-money laundering program, and articulates the monitoring standards pursuant to which the company will conduct its business. Additionally, this Policy sets forth minimum standards for documenting the relationships between the Company and each prospective investor for whom it is proposed the Company manage assets.

General Policy

The company is committed to complying with all applicable law relating to anti-money laundering. Accordingly, this Policy has been adopted to ensure that the Company: (i) avoids any involvement in money laundering; (ii) monitors for and reports suspicious activity when detected; and (iii) complies with the relevant provisions for applicable law relating to money laundering.

Anti-Money Laundering Program

The Company's anti-money laundering program includes the development of internal policies, procedures and controls to prevent and detect money laundering.

The Chief Compliance Officer shall: (i) implement and administer this Policy, enforce its provisions and review and update this Policy to comply with new statutes, regulations, or regulatory and industry guidance; (ii) act as liaison between employees and the Company regarding reporting of suspicious activity and between the Company and law enforcement officials, government regulators, auditors, the press, or any other persons regarding any issues related to the anti-money laundering program, and (iii) evaluate the effectiveness of this Policy and the procedures set forth herein.

Administrators and Other Third-Party Service Providers

The Company may engage Third party administrators and trustees to ensure compliance with the regulations administered by the U.S. Treasury Department's Office of the Foreign Assets Control ("OFAC"). In these situations, the Company relies on the policies and procedures of those third-party administrators and trustees to comply with the prohibitions and restrictions mandated by OFAC. The Chief Compliance Officer is responsible for evaluating the services provided by such administrator or third-party service provider to assess the effectiveness of this Policy.

Money Laundering Controls and Red Flags

Money laundering is generally defined as engaging in acts that attempt to conceal the origin of proceeds so that unlawful proceeds appear to be derived from legitimate sources. Money laundering may occur in connection with fraud, robbery, terrorism and racketeering. The following list contains a non-exhaustive list of suspicious activities and transactions that may be evidence of illegal activity and should be promptly reported to the Chief Compliance Officer:

(i) Refusal by a prospective investor to provide requested identifying information;

(ii) Efforts by an investor or prospective investor to cancel a transaction after being informed that verification and identifying information is required;

(iii) Transmission of funds without normal identifying information or in a manner attempting to disguise or hide the country, territory or jurisdiction of origin or other identifying information;

(iv) Unusual concern or secrecy by an investor or prospective investor with regard to identity, business or assets;

(v) The inability of an investor or prospective investor to adequately describe his or her business including by demonstrating a general lack of knowledge of his or her industry;

(vi) The insistence of an investor or prospective investor to invest only by way of cash or cash equivalents;

(vii) The exhibition by an investor or prospective investor of a lack of concern regarding business risks and transaction costs;

(viii) Requests by an investor or prospective investor that a transaction be processed in a manner that would avoid normal documentation requirements;

(ix) The appearance by an investor or prospective investor of acting as an agent for a person or entity that he or she refuses or has otherwise failed to identify;

(x) The aversion by an investor or prospective investor to making representations in connection with anti-money laundering;

(xi) Transaction by or for the benefit of senior foreign political figures, their immediate family members and or close associates;

(xii) Distributions to an investor through any account other than the original wiring account of such investor;

(xiii) The attempt by an investor or prospective investor to place funds with the Company through checks drawn on (or wire transfers made from) accounts of third-parties with no family or business relationship to the investor or prospective investor, or through numerous checks or transfers from one or more issuers or institutions;

(xiv) The attempt by an investor to make withdrawals in an unusual manner, such as through payments in numerous separate monetary instruments or transfers to unrelated or numerous accounts or to accounts in certain countries, including those in which drugs are known to be produced or those at high-risk for money-laundering or terrorist financing;

(xv) The reluctance of an investor or prospective investor to provide additional information, including information regarding the identity of beneficial owners, or to answer questions when requested; and/or

(xvi) Frequent changes of address by an investor.

Although nothing listed above is necessarily indicative of illegal activity, all such instances should be reported to the Chief Compliance Officer. The Chief Compliance Officer will evaluate such activities together with other factors, such as the length of time the Company has known the investor, and any other relationships the Company or its employees have with such investor. It is the ultimate responsibility of the Chief Compliance Officer to determine whether or not any such reported activity warrants further action.

OFAC Verification

Prior to accepting any initial funds from a prospective investor, or additional funds from an existing investor, the Chief Compliance Officer shall ensure (including through an administrator or other third party that provides such verification) that the name and address of such investor, and any other available information regarding the prospective investor is checked against the current U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") list of "Specially Designated Nationals, Blocked Persons or Sanctioned Countries" on its website at http://www.treas.gov/offices/enforcement/ofac/sdn/. An OFAC verification shall also be performed (including through an administrator or other third party) periodically, and no less than annually, with respect to all existing investors in order to ensure that these investors do not appear on the OFAC list subsequent to the time of their investment. Upon the determination that the name of a prospective investor appears on the list of Specially Designated Nationals, Blocked Persons or Sanctioned Countries, the Chief Compliance Officer shall immediately be notified and the prospective investor's funds shall not be accepted. Upon the determination that the name of an existing investor subsequently appears on the list of Specially Designated Nationals, Blocked Persons or Sanctioned Countries, the Chief Compliance Officer shall consult with Senior Management and/or the

Company's legal counsel as to the Company's regulatory and fiduciary obligations prior to taking any further action.

In addition to the OFAC verification, all prospective Clients or investors in any Private Fund Client shall be required by the Company to make certain representations relating to identity (e.g., "Know Your Client" representations) that shall be included in each subscription documents for each Private Fund Client and in each managed account agreement.

Such representations shall be regularly reviewed and updated by the Chief Compliance Officer on an as-needed basis to continue to ensure that the prospective investor: (i) is not on the OFAC list as a Specially Designated National or Blocked Person; (ii) is not a "senior foreign political figure," or an "immediate family member" or "close associate" of a "senior foreign political figure"; (iii) is not a "foreign shell bank"; and. (iv) does not derive any portion of his wealth from criminal activities.

Identity Verification Procedures

The Company must obtain certain information and documentation before it accepts any funds from a prospective investor. The Company may receive such information from administrators or other third-party service providers with which the Company has contracted with to provide such information. Such information must be reviewed by the Chief Compliance Officer (or an authorized designee, such as an administrator of a Private Fund Client) in order to assess a prospective investor's background, identity, and the source of the funds it invests.

The identity of each investor in any Client must be determined, verified and documented, including legal name, date of birth (if applicable), and address. With respect to individuals, the Company shall obtain: (i) for U.S. persons, a social security or taxpayer identification number; and (ii) for non-U.S. persons, a taxpayer identification number or one or more of the following: passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard. In addition, for both U.S. and non-U.S. persons, a government-issued photo identification (e.g., passport, driver's license) must be obtained and a copy must be kept on file. If a prospective investor is an entity, the identity of the entity must be determined, verified and documented, including the names of the legal beneficial owners (if applicable) and the names and locations of individuals authorized to act for the entity. In addition, the entity's organization and formation documents must be reviewed. All such documentation completed and returned to the Company by prospective investors must be maintained by the Company in accordance with its Policy Regarding Recordkeeping.

To note, for existing accounts which submit redemption requests and subsequently amend wire instructions with bank account information differing from the account original

subscription proceeds were received, reasonable authentication will be performed to confirm the validity of the request. Authentication may include, but is not limited to, address verification of bank, phone number verification, and speaking directly with the client to confirm the request. Authentication may also be performed by Administrators and Other Third-Party Service Providers engaged by the Company.

Prohibited Transactions

The Company will only accept wire transfers or checks from a banking or other financial institution that is incorporated or has its principal place of business in a FATF Country. Additionally, the Company shall not accept funds from any prospective or existing investor where the funds are being transferred from an account with:

(i) a foreign bank than does not have a physical presence in any country (e.g., shell banks, etc.);

(ii) a bank using a post office box address; or

(iii) a bank located in a country without anti-money-laundering laws or regulations.

On-Going Monitoring and Reporting of Suspicious Activities

It is necessary to continue monitoring the conduct and transaction activities of the investors in the Company's Private Fund Clients and the Company's Managed Account clients for suspicious or unusual financial activities (e.g., frequent subscriptions or redemptions, etc.). Each time an investor or Managed Account client makes an additional investment, all representations related to anti-money laundering that were initially provided upon the acceptance of its initial investment must be reaffirmed by such investor or Managed Account Client. Transactions or patterns of activity, such as those items listed above under Money Laundering Controls and Red Flags that appear inconsistent with the usual activity for an investor should be promptly brought to the attention of the Chief Compliance Officer.

Reporting

The Chief Compliance Officer shall be primarily responsible for ensuring that the Company makes all filings related to money laundering and required by applicable law. The Bank Secrecy Act currently requires investment advisers to report on Form 8300 the receipt of cash totaling more than $10,000 in one transaction or two or more related transactions. In order to develop a compliant anti-money laundering program, the Chief Compliance Officer shall implement mechanisms reasonably designed to detect and report not only transactions required to be reported on Form 8300, but also to detect activity designed to evade such requirements. Such activity, commonly known as "structuring," may involve making deposits into a trading or investment account of $10,000 or more with multiple money orders, travelers' checks, cashier's checks or other bank checks, each with a face amount of less than

$10,000. Such methods of payment may be indicative of money laundering, particularly when the payment instruments were obtained from different sources or the payments were made at different times on the same day, on consecutive days or otherwise close in time.

Training

As part of the Company's annual compliance training program, the Compliance Department will provide training to all employees on its "Policy Regarding Anti-Money Laundering." Company AML records, including documentation of annual training, will be kept in accordance with the Company's recordkeeping policy.

POLICY REGARDING CUSTODY OF ASSETS

Purpose and Scope

The purpose of this policy regarding safeguarding Client assets (this "Policy") is to ensure that the Company complies with Section 206(4) of the Advisers Act and Rule 206(4)-2 promulgated thereunder (the "Custody Rule"). The Custody Rule requires that Client funds and securities (or "assets") not be held in the custody of a registered investment adviser. The Custody Rule further requires generally that an investment adviser that is deemed to have custody of its Clients' assets transfer custody of those assets to a Qualified Custodian (as defined below). This Policy shall provide for the Company's compliance with the Custody Rule.

General Policy

The Company is committed to comply in all material respects with the Custody Rule and all applicable law related thereto. To that end, the Company has adopted this Policy for purposes of achieving the objectives of the Custody Rule.

The purpose of the Custody Rule is to protect Client funds and securities from fraud or other abuse by investment advisers. By virtue of the Company's access to Client funds and its authority to deduct fees and other expenses from a Client's account, the Company may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of certain Clients' funds.

Guidance issued by the SEC during 2014 also outlined treatment to SPVs (Special Purpose Vehicles). The staff clarified that if the SPV is within the scope of a client account's financial audit, then the SPV may be treated as an asset of the client account. If the SPV is not covered under the client account's audit, then the SPV may not be able to rely on audit exemption and may need to be treated as a separate account for purposes of the Custody Rule.

Federal Requirements Definition of Custody

The Advisers Act defines the term custody' to mean "holding, directly or indirectly, Client assets, or having any authority to obtain possession of them." An investment adviser has custody if a "related person[1]" holds, directly or indirectly, client funds or securities, or

[1] Related Person means any person, directly or indirectly controlling or controlled by the Company, and any person that is under common control with the Company. For purposes of the Custody Rule, NexBank, SSB ("NexBank") is deemed a Related Person of the Company. Due to NexBank qualifying as a Related Person and currently acting as Qualified Custodian for certain funds cash or

has any authority to obtain possession of them, in connection with advisory services the investment adviser provides to clients. Custody includes:

(i) possession of Client assets (but not of checks drawn by Clients and made payable to third-parties) unless the adviser receives such assets inadvertently and returns them to the sender promptly, but in any case, within 3 business days of receiving them, unless express legal approval otherwise;

(ii) any arrangement (including a general power of attorney) under which the investment adviser is authorized or permitted to withdraw Client funds or securities maintained with a custodian upon the adviser's instruction to the custodian; and

(iii) any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives the investment adviser or its supervised persons legal ownership of, or access to, Client funds or securities.

Custody by a Qualified Custodian and Delivery of Audited Financial Statements

In accordance with the Custody Rule, the Company shall for any client account for which it has custody:

(i) subject to the exemption described below under Compliance Procedures for certain privately offered securities, maintain Client assets with a Qualified Custodian in a separate account for each Client under that Client's name, or

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other assets, the Company must obtain, no less than once each calendar year a written internal control report prepared by an independent public accountant:

(A) The internal control report must include an opinion of an independent public accountant as to whether controls have been placed in operation as of a specific date, and are suitably designed and are operating effectively to meet control objectives relating to custodial services, including the safeguarding of funds and securities held by either the Company or a related person on behalf of the company's advisory clients, during the year;

(B) The independent public accountant must verify that the funds and securities are reconciled to a custodian other than the Company or its related person; and

(C) The independent public accountant must be registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules.

in accounts that contain only that Client's assets, under the Company's name, as the Client's agent or trustee; and

(ii) either:

(a) for any account that is a limited partnership, limited liability company or other pooled investment vehicle, distribute audited financial statements of each Private Fund Client (prepared in accordance with generally accepted accounting principles in the United States) to all limited partners or members or other beneficial owners, as applicable, of such Private Fund Client (a) at least annually within 120 days of the end of such Private Fund Client's fiscal year and (b) upon liquidation promptly after the completion of such audit; OR

(b) For any client account that is not an entity as described in (a) above or for which annual audited financial statements are not provided, the Company shall satisfy each of the following:

(1) notify the Client in writing of the Qualified Custodian's name, address, and the manner in which the Client's assets are being maintained promptly after opening the account with the Qualified Custodian and subsequently after any changes to the above-listed information;

(2) ensure that the Qualified Custodian sends statement to the relevant clients (and investors for any limited partnership or limited liability company for which the Company or its affiliates act as general partner or managing member) that identify the amount of funds and of each security in the account at the end of the period and all transactions during the period; and

(3) Client funds and securities (other than those for which the Company only has custody due to its ability to deduct fees) of which the Company has custody must be verified by actual examination at least once during each calendar year, subject to certain exceptions, by an independent public accountant, pursuant to a written agreement satisfying the below criteria between the Company and the accountant, at a time that is chosen by the accountant without prior notice or announcement to the Company and that is irregular from year to year.

Independent Verification Agreement

Any written agreement with a public account for the examination of client assets to satisfy the requirements under (ii)(b)(iii) must provide for the first examination to occur

within six months of becoming subject to this paragraph, except that, if the Company maintains client funds or securities pursuant to this section as a qualified custodian, the agreement must provide for the first examination to occur no later than six months after obtaining the internal control report. The written agreement must require the accountant to:

(i) File a certificate on Form ADV-E with the SEC within 120 days of the time chosen by the accountant, stating that it has examined the funds and securities and describing the nature and extent of the examination;

(ii) Upon finding any material discrepancies during the course of the examination, notify the SEC within one business day of the finding, by means of a facsimile transmission or electronic mail, followed by first class mail, directed to the attention of the Director of the Office of Compliance Inspections and Examinations; and

(iii) Upon resignation or dismissal from, or other termination of, the engagement, or upon removing itself or being removed from consideration for being reappointed, file within four business days Form ADV-E accompanied by a statement that includes:

a. The date of such resignation, dismissal, removal, or other termination, and the name, address, and contact information of the accountant; and

b. An explanation of any problems relating to examination scope or procedure that contributed to such resignation, dismissal, removal, or other termination.

Definition of Qualified Custodian

The term "Qualified Custodian" includes:

(i) any bank or a savings association' which is FDIC insured;

(ii) any broker-dealer which holds Client funds and securities in customer accounts;

(iii) any futures commission merchant that holds Client funds and securities in customer accounts or maintained to the extent the securities are incidental to the Client's futures transactions; and

(iv) any foreign financial institution that traditionally holds financial assets for its customer in a segregated account from the foreign financial institution's proprietary assets.

Compliance Procedures

The Company maintains Client assets with a Qualified Custodian (as defined in Rule 206(4)-2 of the Advisers Act) including affiliated Qualified Custodians. The Qualified Custodian maintains such funds in accounts that contain only Clients' funds and assets, under the Company's name, as agent or trustee for the Clients. Any uncertificated securities that are transferable only with the consent of the issuer thereof and that were acquired through a private offering (or a chain of transactions not involving any public offering) are exempt from this safe-keeping requirement unless the private securities are held by an entity that does not deliver audited financial statements to its investors.

When the Company opens an account for a Client, the Company will notify the Client in writing of the Qualified Custodian's name and address and the manner in which the funds or securities are maintained. The Company will notify its Clients in writing of any change in its custody arrangements. In addition, the Company will maintain a separate record for each account that shows the dates and amount of all deposits and withdrawals and a list of each Client's beneficial interest in the account.

The Company must ensure that the Qualified Custodian sends account statements to all Clients whose funds it holds at least quarterly, identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period.

The Company is not subject to the above-referenced reporting requirements in the preceding paragraph with respect to pooled investment vehicles (other than the requirement to maintain funds and securities with a qualified custodian) managed by the Company that are subject to audit at least annually. In such cases, the Company must distribute audited financial statements to all limited partners, members or other beneficial owners within 120 days of the end of the fiscal year of the pooled investment vehicle in question.

If the Company inadvertently receives funds or securities from a Client or Agent Bank, the funds or securities are generally returned within 72 hours of discovery of such error with instructions on the correct delivery location.

Enforcement of this Policy

In connection with the implementation of and enforcement of this Policy, the Chief Compliance Officer shall:

(i) Keep any and all records necessary to determine if the Company or a related person maintains custody of Client assets;

(ii) Review any Internal Controls Report generated by the Company, a related person, or a third party in order for the Company to fulfill its duty hereunder;

(iii) Coordinate and maintain accurate records of any Surprise Examination conducted in accordance with the Custody rule; and/or

(iv) Take any such action as may be necessary to ensure compliance with the Custody Rule.

In enforcing this Policy, the Chief Compliance Officer may work with members of the Senior Staff and may delegate duties to other such employees as he deems necessary and appropriate.

POLICY REGARDING ANTI-BRIBERY AND CORRUPTION

Purpose and Scope

The purpose of this policy regarding anti-bribery and corruption (this "Policy") is to ensure that the Company complies with applicable law concerning the offering, payment and receipt of bribes or other inducements designed to influence sales or obtain favorable business arrangements or other improper advantages. The Company is committed to conducting business in a straightforward and transparent manner according to global business standards. The Company's employees throughout the world must comply with this Policy, the laws of the countries in which they do business, and with other applicable laws and regulations.

General Policy

The U.S. Foreign Corrupt Practices Act ("FCPA") prohibits payments and promises or offers to pay money or other "things of value" to influence officials of governments outside the United States. Similar laws have been enacted in many other countries, including the European Union and the member states of the Organization for Economic Cooperation and Development. The United Kingdom's Bribery Act 2010, effective July 1, 2011 ("Bribery Act"), prohibits payments or offers of payment of any financial advantage intended to cause any person in a position of trust or responsibility to act in breach of his or her duty, or as a reward for doing so. The Bribery Act also prohibits the acceptance of such payments. Although the FCPA relates only to payments to government officials, the Bribery Act also applies to transactions between private parties. Additionally, such payments or gifts are generally illegal whether made directly, or through another person or entity. Please see the Gifts and Entertainment Policy found in the Code of Ethics for restrictions regarding the giving of gifts and entertainment to government officials.

To ensure that the Company complies fully with these laws, all Company employees must be familiar with and follow this Policy. The Company's employees are also required to ensure that any business relationships with agents, consultants, and joint venture partners will be in compliance with all laws designed to combat corruption in international business transactions. In some cases, local laws or customs may be more restrictive than the Company policies, or other laws that might apply. Where such a conflict exists, employees must follow the more restrictive local law, custom or policy. Questions regarding the Policy should be directed to the Company's CCO.

Rules

All of the Company's employees must strictly observe the following rules.

(i) Use of Company Funds. The Company's employees may not use the Company's or personal funds for any purpose that would violate the laws or regulations of a country.

(ii) Payments to Third Parties. The Company's employees may not offer or provide or promise anything of value, directly or indirectly, to any person in a position of trust, or who is under a duty to act impartially or in good faith, in order to induce that person to violate that trust or duty in order to help the Company obtain or keep business with any party, or to receive any type of favorable treatment or other improper benefit.

(iii) "Anything of value" includes cash, cash equivalents, gifts, meals, entertainment, and services. These prohibitions include payments made directly, as well as those made indirectly through agents, contractors or intermediaries.

(iv) "Facilitating" Payments. This policy prohibits the offer, payment or receipt of "facilitating" or "grease" payments, that is, nominal payments or gifts made to expedite or secure performance of duties which a person is ordinarily expected to provide.

(v) Agents and Consultants. The Company's employees may not offer, make, or receive any payments prohibited by this Policy through any party retained, directly or indirectly, by the Company. Nor may they encourage or permit any such person to offer, make or receive any such payment and they must report any concern that any such payment may have been made, offered or received by a person retained by the Company to the CCO.

(vi) Corporate Political Contributions. Please see the Political Contribution Policy found in the Code of Ethics for restrictions regarding political contributions.

Penalties

Violations of anticorruption laws can result in severe criminal and/or civil penalties for both the Company and the individuals involved. In addition, there may be collateral consequences for violating these laws that can impact the Company's or an individual's reputation as well as the ability to obtain licensing and continue to do business in a given country, region or market.

The failure to comply with this Policy will be grounds for disciplinary actions up to and including termination. Designated personnel and agents will be asked to certify annually that they have reviewed, have complied with, and will in the future comply with this policy.

Prevention and Compliance

To seek to ensure that the Company and its employees are in compliance with this policy, the following steps must be undertaken:

(i) At the start of employment, and annually thereafter, each of the Company's employees shall receive and acknowledge receipt of the Compliance Manual, which includes this Policy.

(ii) Prior to giving any gift or entertainment to an outside party, Employees must notify and obtain approval from Compliance. Registered representatives of the Company's affiliated broker-dealer will submit their gift and entertainment requests to the CCO of the broker-dealer or his or her designee. All other employees of the Company will submit their gift and entertainment requests through Financial Tracking for Compliance's consideration.

(iii) This Policy and the Company's anti-bribery and corruption compliance procedures shall be reviewed and updated from time to time in light of changes in the Company's business activities and changes in the applicable legal standards.

Anti-Bribery and Corruption Due Diligence Procedures

Meeting the obligations contained in this Policy and various local laws and regulations requires that Company personnel know with whom they are doing business. Involvement with people or companies that do not follow the law or ethical practices can create significant legal and business problems for Company personnel as individuals and as representatives of the Company.

These procedures describe steps to be taken in order to verify the legitimacy of various third parties with whom the Company does business (other than customers and the fund managers with whom the Company invests). These procedures should supplement any existing due diligence guidelines for doing business with third parties.

Certain questions relating to the third party should be considered in order to evaluate whether the third party poses a significant anticorruption risk. When engaging a third party, the Company should consider the following:

(i) Is there any reason to question whether the third party lacks the experience, capital, business capability, personnel or resources needed to perform the contemplated services?

(ii) Is there any information suggesting that the third party or its officials might be involved in corruption or other illegal activities?

(iii) Is the pricing of the goods or services for the proposed arrangement inconsistent with prevailing market rates?

(iv) Are the third party's personnel expected to have contact with officials or employees of the government or of government-owned enterprises in connection with performing the contemplated services?

(v) Is there any reason to believe that a non-U.S. Government Official (or the family member or close personal associate of a non-U.S. Government Official) has a significant financial interest in the third party?

(vi) Is there any other reason to suspect that the proposed arrangement may be improper?

If the answer to any of the questions above is "yes," the CCO should be consulted to determine whether the third party poses heightened risks of corruption and further due diligence is necessary before any appointment can be proceeded with.

In some cases, this further work may lead to satisfactory answers to the questions that arose. In other cases, additional work may confirm suspicions about the appropriateness of doing business with the third party. If, after the initial review is completed, further investigation is necessary, the CCO may contact outside counsel to determine how to proceed.

In any case where a Company employee is not entirely comfortable that the proposed relationship meets the Company's standards of integrity and other policies, the employee shall contact the CCO.

POLICY REGARDING RECORDKEEPING

Purpose and Scope

The purpose of this policy regarding recordkeeping (this "Policy") is to ensure that the Company implements and maintains appropriate procedures for cataloguing and preserving its books and records in accordance with applicable law. This Policy outlines the types of books and records that shall be maintained by the Company, how the Company shall catalogue and maintain such books and records, and who is responsible for maintaining them. Required records may also be retained at offices of applicable fund administrator(s).

General Policy

Rule 204-2 under the Advisers Act imposes extensive record keeping requirements on the Company. Generally speaking, Rule 204-2 requires the Company to maintain two types of records: (i) typical business accounting records and (ii) certain records the SEC believes an adviser should keep in light of the special fiduciary nature of its business. A list of the recordkeeping requirements of registered advisers, along with their location and periods of retention, is attached as **Appendix B**.

The requisite books and records can generally be divided into four categories: (i) organization and business records; (ii) documents relating to the adviser's Clients (and the investors in any Private Fund Clients); (iii) records of personal transactions made by personnel of the adviser or in which it or any of its advisory representatives have direct or indirect beneficial ownership; and (iv) records of the adviser's custodial activities.

Generally, the Company shall keep all required records for a minimum of five years from the end of the fiscal year in which the last entry was made on such record (*See*, **Appendix B** for a more detailed breakdown). Records shall be maintained in the offices of the Company for the first two years thereof, and in an easily accessible place for the following three years. The Company is committed to complying in all respects with applicable law regarding recordkeeping, including Rule 204-2 and all applicable no-action letters and other interpretative advice issued by the SEC

Books and Records Generally

Section 3(a)(37) of the Exchange Act broadly defines "records" as "accounts, correspondence, memorandums, tapes, discs, papers, books, and other documents or transcribed information of any type, whether expressed in ordinary or machine language."

Any communication, written or electronic, that a registered investment adviser sends or receives that pertains to any of the categories of "records" set forth in Rule 204-2 must be maintained for recordkeeping purposes under the Advisers Act. Generally, such records will be retained in electronic format.

Records Relating to Company Organization and Business

Organization Documents

The Company shall keep and preserve its organizational documents and instruments and the organizational documents and instruments of each Private Fund Client, including operating agreements, partnership agreements, articles of formation, certificates of limited partnership, and any other relevant constituent formation document, in the Company's principal office, and in an easily accessible place for at least three years after termination of the Company's existence, or that of any successor.

Accounting Records

The Company shall maintain, electronically or otherwise, copies of the following accounting records in accordance with this Policy and applicable law:

(i) a journal, including cash receipts and disbursement records, and any other records of original entry forming the basis of entries in any ledger;

(ii) general and auxiliary ledgers reflecting asset, liability, reserve, capital, income and expense accounts;

(iii) all check books, bank statements, cancelled checks and cash reconciliations;

(iv) all bills or statements, paid or unpaid, relating to the Company's business;

(v) all trial balances, financial statements, and internal audit working papers relating to the Company's business;

(vi) a record of each holdings and transaction report made by an Access Person as required by Rule 204A-1, and a record of the names of all current Access Persons and those who were designated Access Person in the last five years;

(vii) any violations to the code of ethics and the actions taken, and all written acknowledgement to receipt of the code of ethics and any amendments to the code of ethics; and

(viii) A copy of the investment adviser's compliance manual and code of ethics which were in effect in the past five years.

Written Communications

The Company shall maintain, electronically or otherwise, copies of all written communications (including e-mails and instant messages) received and copies of all written communications sent by it that relate to the following:

(i) any recommendation made with respect to interests in any Private Fund Client or other security, and any advice given with respect to any Managed Account or with respect to interests in any Private Fund Client or other security;

(ii) any receipt, disbursement or delivery of funds or interests in any Managed Account, any Private Fund Client or other securities;

(iii) the placing or execution of any order to purchase or sell any security; and

(iv) the termination of an investment advisory agreement or other advisory relationship with a Client.

In addition, the Company shall maintain, electronically or otherwise, originals of all written communications (including e-mails and instant messages) received and copies of all written communications sent by it that relate to the performance or rate of return of any or all managed accounts or securities recommendations.

Notwithstanding the forgoing, the Company shall not be required to keep unsolicited market letters or other communications of general public distribution that have not been prepared by or specifically for the Company.

Marketing Materials

The Company shall maintain, electronically or otherwise, a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, sales material, presentation material, questionnaire, video tape or other communication (collectively, "Marketing Materials") that the Company circulates or distributes, directly or indirectly, to any persons. If such Marketing Materials recommend the purchase, holding or sale of a specified security but do not state the reasons for such recommendation, the Company shall make and maintain a memorandum indicating the reasons for such recommendation along with the Marketing Materials.

The Company shall maintain, electronically or otherwise, all accounts, books, internal working papers and any other records or documents necessary to form the basis for, or demonstrate the calculation of: (i) the performance or rate of return of any and/or all Client accounts; or (ii) a securities recommendation in any Marketing Materials that the Company circulates or distributes, directly or indirectly, to any persons. Such performance-verifying records shall include internal custodial or brokerage statements that confirm the accuracy of account statements, and independent auditors' reports.

Disclosure Statements

The Company shall catalogue and maintain, electronically or otherwise, records related to its disclosure statement (Form ADV, Part 2A), including:

(i) a copy of each written disclosure statement and each amendment or other modification (if any) thereof, or any brochure containing such disclosure, given or sent to any Client or prospective Client by the Company, or any solicitor or distributor;

(ii) a record of the dates each such disclosure statement or brochure, and each revision or amendment thereof, was given or offered to any Client or prospective Client; and

(iii) all written acknowledgements of receipt of the Company's written disclosure statement under Rule 206(4)-3 and the written disclosure statement of any solicitor or distributor obtained from Clients or prospective Clients, and copies of the disclosure documents delivered to Clients by any solicitor or distributor.

Bills

The Company shall catalogue and maintain, electronically or otherwise, records of all bills or statements (or copies thereof), paid or unpaid, relating to the business of the Company in accordance with this Policy and applicable law.

Miscellaneous Business Records

To the extent applicable, the Company shall catalogue and maintain, electronically or otherwise, the following records in accordance with this Policy and applicable law:

(i) records of soft dollar arrangements, if any, and any commissions paid to brokers for research, brokerage services and administrative services provided, with commission dollars allocated in accordance with the product or service received. Such records include, but are not limited to: an annual soft dollar master budget setting forth details of the Company's annual use of soft dollars;

(ii) brokers' statements listing and detailing the products or services received for soft dollars; and

(iii) other records that would allow clients to understand the types of products and services being purchased and permit them to evaluate possible conflicts of interest;

(iv) initial and annual privacy notices sent to Clients and prospective Clients. The Company shall keep and preserve these records in an easily accessible place for at least 5 years (the first 2 of which in an appropriate office) from the end of the fiscal year during which the Company last published or otherwise disseminated the notice; written policies and procedures designed to prevent the misuse of material, nonpublic information by the Company, its employees or other associated persons;

(v) a copy of the Company's Code of Ethics and Insider Trading Policy, records of any violations thereof and actions taken as a result, and a record of all written acknowledgements as required by Rule 204A-l(a)(5) for each person who is currently, or within the past 5 years was, a Supervised Person of the Company;

(vi) copies of any reports made by Company employees or other associated persons under the Code of Ethics, a record of the names of the Company employees or other associated persons who are currently, or within the past 5 years were, "Access Persons" of the Company, as defined in the Code of Ethics, and a copy of any decision to approve the acquisition of securities by such employees or other associated persons and the reasons in support thereof;

(vii) copies of the Company's proxy-voting policies and procedures, proxy statements received by the Company, records of each vote cast by the Company, any documents created by the Company that were material to making a decision on how to vote proxies, each written client request for information regarding how the Company voted proxies on behalf of the client, and any written response by the Company to such request;

(viii) a copy of this Policy, along with any amendments or modifications hereto, and all records documenting compliance monitoring, testing and review activities in accordance with applicable law and this Policy; and

(ix) copies of the Company's other compliance policies and procedures in effect at any time during the past 5 years, any records documenting the Company's annual review of those policies and procedures, and copies of any internal control reports prepared by independent public accountants in connection with the Custody Rule.

Records Relating to Client Accounts

Written Agreements

The Company shall catalogue and maintain, electronically or otherwise, records (or copies) of all written agreements with any Client or that otherwise relate to the business of the Company, including, but not limited to, investment advisory agreements and guidelines, as well as amendments and other modifications thereto.

Wire Transfers

Transmission of funds from Clients Accounts can only be initiated by authorized designees. Wires are entered into the system and then subsequently reviewed by someone other than the person entering the wire. Once the review is performed, the wire is then signed for by an authorized designee. Any wires in excess of $5mm require senior approval (such as the CFO).

Transaction Records

The Company shall catalogue and maintain, electronically or otherwise, all Client transaction records showing the securities purchased and sold for each Client, and the trade date and settlement date, amount, price, and any other compensation paid in such trade (e.g., delayed compensation, economic benefit or other compensation as set forth by the LSTA) of each purchase and sale. The Company shall maintain a record for: (i) each order given by the Company for the purchase or sale of any asset; (ii) any instruction received by the Company regarding the purchase, sale, receipt or delivery of a particular asset; and (iii) any amendments and other modifications to, or cancellation of, any such order or instruction. Such memorandum must further identify:

(i) the terms and conditions of the order (and any instructions, modifications or cancellations);

(ii) the person affiliated or otherwise associated with the Company who recommended the transaction to the client and the person who placed such order; and

(iii) the accounts for which such order was entered, the date of entry, and the bank, broker or dealer by or through whom such order was executed, where appropriate.

Position Records

The Company shall catalogue and maintain, electronically or otherwise, true, accurate and current records of the positions of each portfolio being supervised or managed on behalf of a Client. Such position records shall indicate separately for each Client: (i) the assets purchased and sold and the date, amount and price of each such purchase and sale; and (ii) for each security in which the Client has a current position, the name of the Client (or information from which the Company could promptly furnish the name of the Client) and the amount or interest of such Client.

Client Records

The Company shall also catalogue and maintain electronically or otherwise, all records relating to Client accounts, including the following:

(i) Client account numbers, balances, names and addresses, written correspondence (to and from Clients), statements, and any other computer generated reports that contain identifiable Client information;

(ii) initial documentation of all new Client accounts (together with associated paperwork), which documentation the Company shall keep and preserve for no less than 5 years after the Client ceases to be a Client of the Company;

(iii) a record of any restrictions on a client account communicated to the client to the Advisor, including any restriction that acts as a supplement or amendment to a Managed Accounts governing documents or any document that in any other way limits or restricts or changes the manner by which the Company must manage the account; and

(iv) copies of any complaints made or submitted by Clients relating to the investment advisory activities of the Company and all actions taken by the Company in response thereto, which shall be maintained in a complaint file, which shall be maintained by the Chief Compliance Officer.

Records Relating to Personal Transactions

The Company shall catalogue and maintain, electronically or otherwise, all reports and records relating to personal securities transactions of all Access Persons, **please refer to the Code of Ethics Policy for additional information regarding the recordkeeping of personal securities transactions.**

Electronic Records

Pursuant to SEC guidance, an "electronic record" includes all forms of electronic communication or information, including incoming and outgoing electronic records, e-mails, instant messages and text messages as well as electronic drafts, notes and calendars relating to the business of the Company that have been reproduced from "hard copy," such as paper or film (including microfilm and microfiche, or which can be retrieved from electronic media, such as computers, floppy disks, compact discs, digital versatile discs and related accessories that relate to the business of the Company, whether or not prepared during business hours or in the Company's place of business, irrespective of their location. All records that fall within the enumerated categories of records under this Policy shall be kept and maintained in accordance with applicable law for the specified retention periods for such records as set forth herein. In the event that the SEC or any relevant regulatory agency changes or updates the definition an "electronic record," the Chief Compliance Officer shall revise the relevant procedures under this Policy accordingly.

All business communications must be facilitated through Company approved systems only. Text messaging is not Company approved system for business communications.

Retention Period

Unless otherwise noted above, the Company shall maintain its required books and records for a minimum of 5 years from the end of its fiscal year in which the last entry was made on such record, or, in the case of Marketing Materials, the fiscal year in which the Company last published or otherwise disseminated, directly or indirectly, such Marketing Materials. Unless otherwise specified herein, such records shall be kept in an appropriate

office of the Company, as determined by the Chief Compliance Officer, for the first 2 years of the 5-year period, and thereafter in an easily accessible place for the following 3 years.

Storage

The Company's books and records are located at its offices at 300 Crescent Court, Suite 700, Dallas, Texas 75201 and/or at the offices of the applicable fund administrator(s).

The electronic records shall be preserved on CD-ROMs, DVD-ROMs and/or database servers and backed up on a daily basis. Such records are also preserved at an offsite server maintained by Iron Mountain located at 1402 Lakeway Drive, Lewisville, TX 75067.

The Company shall maintain its records on a computer storage medium as follows:

(i) organized and indexed to permit ease of location, copy and/or distribution of any particular record;

(ii) maintain backup copies in a separate location from the originals for the requisite time periods set forth herein;

(iii) with access limited only to authorized personnel on a need-to-know basis;

(iv) stored according to procedures for maintenance and preservation of, and access to, records, as determined by the Chief Compliance Officer from time to time, so as to reasonably safeguard from loss, alteration or destruction;

(v) available for prompt response to requests for access, viewing and printouts or copy of the computer storage. medium of any records; and

(vi) stored exclusively in a format, that can be reasonably safeguarded from loss, alteration or destruction.

In the event the Company terminates its business activities (i.e., in the event the Company dissolves and must wind up its affairs, etc.), the Company shall arrange for, and be responsible for, the preservation of the books and records required to be maintained and preserved for any remainder of the retention periods specified herein, and shall notify the SEC in writing of the exact address where such books and records will be maintained during such retention period.

Generally, all records shall be kept in a manner that preserves the integrity of the record and prevents damage or loss, and which provides access only to those authorized persons in need of such records.

Destruction/Deletion of Records

Any requests to modify the retention period of specified records are subject to the express written approval of the Chief Compliance Officer. No records may be destroyed or deleted without the prior express written consent of the Chief Compliance Officer.

The Company shall not delete or destroy any Company records relevant to any pending or imminent litigation or government investigation, or any audit in respect of the Company or any advisory representative or associated person, until the matter is closed or the General Counsel or designee determines that disposal of such document is appropriate and in accordance with all applicable law.

In the event the Company becomes aware of any Client proceeding or regulatory inquiry, the Chief Compliance Officer or General Counsel shall immediately inform all affected departments to suspend the destruction of any relevant records.

Electronic Record Guidelines

All Company employees and other associated persons shall conduct all Company related business on a communications network monitored and maintained by the Company.

The Company shall inform all personnel with access to Client records not to leave their computers unattended unless they are turned off or secured in some appropriate manner.

The Company shall retain electronic records with similar retention periods on the same electronic storage medium (e.g., CD-ROM, DVD-ROM and/or Database Server), whenever possible. All information on an electronic storage medium shall be kept until the retention periods of all records maintained on such medium have elapsed. In addition, all electronic records shall be backed-up monthly.

Any records kept electronically shall be reasonably safeguarded from loss, alteration or destruction, organized and capable of being immediately reproduced.

Electronic records sent to an off-site storage facility shall have a destruction date set by this Policy and a content label on the storage medium describing its entire contents. This includes archived material sent to long-term storage.

Supplemental Recordkeeping and Retention Procedures Applicable to Retail Funds

- All of the Fund's books, records and documents described in paragraphs (b)(1)-(4) of Rule 31a-1 under the 1940 Act (journals, ledgers and corporate formation documents) must be preserved permanently, the first two years in an easily accessible place.

- All other books and records relating to the Fund's business that are required to be kept under Rule 31a-1 and Rule 31a-2 must be preserved for a period of not less than six years, the first two years in an easily accessible place.

- Rule 31a-3 under the 1940 Act requires the Fund to enter into a written agreement with any third party who is preparing or maintaining any records required under Rules 31a-1 and 31a-2, providing that the records under Rules 31a-1 and 31a-2 are the property of the Fund and will be surrendered promptly upon request. If a bank or member of a securities exchange acts as custodian, transfer agent, or dividend disbursing agent for the Fund, this requirement is satisfied if there is an agreement in writing to make any records relating to such services available upon request and to preserve any required records for the periods required by Rule 31a-2.

- Rule 17j-1 under the 1940 Act requires the Fund to adopt a code of ethics or to which reports are required to be made by Access Persons must, at its principal place of business, maintain records in the manner and to the extent set out in this paragraph, and must make these records available to the Commission or any representative of the Commission at any time and from time to time for reasonable periodic, special or other examination:

    A. A copy of each code of ethics for the organization that is in effect, or at any time within the past five years was in effect, must be maintained in an easily accessible place;

    B. A record of any violation of the code of ethics, and of any action taken as a result of the violation, must be maintained in an easily accessible place for at least five years after the end of the fiscal year in which the violation occurs;

    C. A copy of each report made by an Access Person as required by this section, including any information provided in lieu of the reports under 17j-1(d)(2)(v), must be maintained for at least five years after the end of the fiscal year in which the report is made or the information is provided, the first two years in an easily accessible place;

    D. A record of all persons, currently or within the past five years, who are or were required to make reports under 17j-1(d), or who are or were responsible for reviewing these reports, must be maintained in an easily accessible place; and

    E. A copy of each report required by 17j-1(c)(2)(ii) must be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place.

Under Section 34(a) of the 1940 Act, it is unlawful for any person, unless permitted by rule or order, willfully to destroy, mutilate, or alter any book or record required to be maintained by Section 31(a).

POLICY REGARDING PORTFOLIO MANAGEMENT

Purpose and Scope

The purpose of this policy regarding portfolio management and trading (this "Policy") is to ensure that the portfolio management and trading practices of the Company comply with applicable law, and the Company's fiduciary obligations. This policy sets forth procedures for ensuring that the Company treats its Clients in a fair and equitable manner when effecting transactions on their behalf, as described in more detail below.

General Policy

The Company shall exercise its fiduciary duty towards its Clients to act in their best interests at all times, including: (i) ensuring that the investment advice provided to each Client is suitable to such Client's particular investment objectives, needs and circumstances; (ii) ensuring fair and equitable allocations of investment opportunities among Clients and in the aggregation of orders; (iii) correcting trade errors promptly and in a manner consistent with the best interests of Clients, regardless of the cause or origin of the error; and (iv) trading for Client accounts only on an agency basis, except as otherwise set forth herein.

Fiduciary Duty

As a fiduciary, the Company owes its Clients more than honesty and good faith alone. Rather, it has an affirmative duty of utmost good faith to act solely in the best interests of its Clients at all times and to make full and fair disclosure of all material facts at the time of any investment in a Client, and full and fair disclosure of any circumstances where the Company's interests' conflict with those of its Clients. The Company's conduct will be measured against a higher standard of conduct than that used for purely commercial transactions. The Company must be sensitive to the possibility of rendering less than disinterested advice, and it may be faulted for doing so regardless of whether it intended to injure a Client, even if such Client does not suffer a monetary loss.

Offering of Investment Advice Generally

Each of the Company's portfolios is assigned a senior Portfolio Manager (aka, Team Leader and/or Managing Director) responsible for the management of the portfolio. The senior Portfolio Manager and his/her team are responsible for the monitoring and positioning of the investments within each portfolio. This includes the evaluation of a variety of factors affecting each investment such as industry and currency risks, concentration and liquidity and the suitability of the investment for the Company's portfolios. The senior Portfolio Manager and their team monitor the fund as they deem necessary based on market conditions and the investment mandate and client restrictions of the portfolio and all applicable securities rules.

New Issues and New Credits

The Company and its affiliated advisors will occasionally meet to discuss new issues and new credits ("Instrument(s)"). Generally, an analyst will research an issuer and will discuss the instrument with the Head of Credit Research. The Head of Credit Research reviews specific investment recommendations in respect of new issues and new credits except as provided below. New issues and new credits are generally not available for general investment by the accounts without the Head of Credit Research authorization, except for certain short-term investment opportunities and otherwise in limited quantities and amounts as the company from time to time decides to allow. Short-term investments or additional purchases of investments in issuers that have been previously vetted by an analyst and the Head of Credit Research may be made via the "Gatekeepers" email process described below. In conjunction with granting an approval and the ability to make investment decisions, the respective Portfolio Managers also determine which type of accounts the instrument may be appropriate for and the aggregate amount of the instrument the Company should seek to acquire on behalf such accounts. In circumstances where the decision to buy is made outside of the reviews with the Head of Credit Research (i.e. where limited quantity purchases are allowed or with respect to short-term investments or follow-on investments or certain investment decisions, referenced below, that are generally made independently by each applicable Portfolio Manager and allocated solely within their accounts), allocations will be made by consultation with the Portfolio Managers, typically from a "Gatekeepers" email request sent by or at the direction of the requesting Portfolio Manager. In determining the aggregate amount to be sought, the respective Portfolio Managers may consider, without limitation, the normal investment amount of the account, the general level of cash on hand and available to be drawn, cash generating activities, withdrawals and other factors affecting the desired purchase amount for Clients. The respective Portfolio Managers also may reconsider buy decisions relating to existing Client holdings when there are significant changes in relevant factors relating to the investment, including, but not limited to, the market value of the investment, the business of the issuer or borrower, results of operations, balance sheet and creditworthiness of the issuer or in the case of an equity security, the outlook for the issuer. An initial target allocation is determined by the respective Portfolio Managers at the time of any buy or sell decision based on appropriate factors (e.g., suitability, cash needs/availability, transaction size, etc.) which is then reconciled and adjusted, as appropriate, by Allocations prior to the commencement of trading on the next trading day. As noted above, the Company's fiduciary duty requires that it recommend only those investments that are suitable for a Client, based on the Client's particular investment objectives, needs and circumstances.

Traders Book

In certain circumstances the Company's Authorized Traders, as from time to time amended, may determine that an investment is an immediate-term opportunity for technical trading reasons. In these cases, an Authorized Trader may execute the trade for the benefit

of the accounts that have been identified by the Company as eligible to participate in immediate-term investment opportunities, subject to each applicable investment manager's discretion to elect to be excluded from such eligibility. Each immediate-term trade so executed will then follow the Company's Allocation Policy with respect to immediate-term trades.

Equities

Investment decisions with respect to equity investments are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager, provided that in certain circumstances, such as debt to equity conversions, such determination may be presented to the Head of Credit Research in accordance with the process typically applicable to credit investments.

Real Estate

Investment decisions with respect to real estate investments including, without limitation, real estate preferred equity or mezzanine debt investments are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager.

Life Settlements

Investment decisions with respect to life settlement investments are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager.

Investment Grade Bonds

Investment decisions with respect to investment grade bonds are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager.

Publicly Listed Bonds

Investment decisions with respect to publicly listed bond investments are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager.

Sovereign Bonds

Investment decisions with respect to sovereign bond investments are generally made independently by each applicable Portfolio Manager and allocated solely within the accounts managed by such Portfolio Manager.

Position Conflicts

Another type of conflict may arise if we cause one Client account of an affiliated advisor to buy a security and another Client account to sell or short the same security. Currently, such opposing positions are generally not permitted within the same account without prior trade approval by the Chief Compliance Officer. However, a portfolio manager may enter into opposing positions for different Clients to the extent each such Client has a different investment objective and each such position is consistent with the investment objective of the applicable Client. In addition, transactions in investments by one or more affiliated Client accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of other Client accounts.

Generally, an affiliated advisor does not purchase, sell or hold securities on behalf of Clients contrary to the current recommendations made to other affiliated Client accounts. However, because certain Client accounts may have investment objectives, strategies or legal, contractual, tax or other requirements that differ (such as the need to take tax losses, realize profits, raise cash, diversification, etc.), an affiliated advisor may purchase, sell or continue to hold securities for certain Client accounts contrary to other recommendations. In addition, an affiliated advisor may be permitted to sell securities or instruments short for certain Client accounts and may not be permitted to do so for other affiliated Client accounts.

Capital Structure Conflicts

Conflicts may arise in cases when Clients invest in different parts of an issuer's capital structure, including circumstances in which one or more Clients own private securities or obligations of an issuer and other Clients may own public securities of the same issuer. In addition, one or more Clients may invest in securities, or other financial instruments, of an issuer that are senior or junior to securities, or financial instruments, of the same issuer that are held by or acquired for, one or more other Clients. For example, if such issuer encounters financial problems, decisions related to such securities (such as over the terms of any workout or proposed waivers and amendments to debt covenants) may raise conflicts of interests. In such a distressed situation, a Client holding debt securities of the issuer may be better served by a liquidation of the issuer in which it may be paid in full, whereas a Client holding equity securities of the issuer might prefer a reorganization that holds the potential to create value for the equity holders. In the event of conflicting interests within an issuer's capital structure, Highland will generally pursue the strategy that Highland believes best reflects what would be expected to be negotiated in an arm's length transaction with due consideration being given to Highland's fiduciary duties to each of its accounts (without regard to the fees received from such accounts):

(i) This strategy may be recommended by one or more Highland investment professionals;

(ii) A single person may represent more than one part of an issuer's capital structure;

(iii) The recommended course of action will be presented to the Conflicts Committee for final determination as to how to proceed Highland may elect, but is not required, to assign different teams to make recommendations for different parts of the capital structure as the Conflicts Committee determines in its discretion. In the event any Highland personnel serve on the Board of the subject company, they should recuse themselves from voting on any Board matter with respect to a transaction that has an asymmetrical impact on the capital structure;

(iv) It is acknowledged that the applicable retail portfolio manager will separately and independently make his or her decision on suitability as to the course of action for the applicable retail portfolio and will leave the Conflicts Committee meeting prior to the final determination being made by the Conflicts Committee;

(v) Highland personnel board members may still make recommendations to the Conflicts Committee; and

(vi) If any such persons are also on the Conflicts Committee, they may recuse themselves from the Committee's determination. Highland may use external counsel for guidance and assistance."

Investment Negotiation

Employees shall not engage in misleading, deceitful or fraudulent conduct in connection with the purchase or sale of securities. Prohibited conduct includes, but is not limited to: misleading counterparties in regards to the price at which a security was acquired, misrepresenting the market demand for a security, and misrepresenting the parties to the trade.

Whenever an investment professional proposes to negotiate a term other than price for an investment (including any amendments), he/she must check to see if the investment (or any other position in the issuer's capital structure) is held (or proposed to be invested) in both retail and institutional accounts.

If the investment is held in both retail and institutional accounts, that person must contact the Chief Compliance Officer for guidance:

(i) The transaction is generally permitted if all accounts are in the same part of the capital structure and participate in the investment pro rata.

(ii) Alternatively, impose "Chinese Wall" between retail/institutional investment decision-making.

One person can negotiate, provided final investment decision still made separately.

May also consult outside counsel and/or the retail board for guidance.

Trade Entry

All orders must be entered into the Company's Order Management System (the "OMS"). The following information must be included, as applicable, on each trade ticket submitted to the OMS:

(i) Name or symbol of instrument and quantity;

(ii) Issuer;

(iii) Buy or sell; Short Sell and Cover Transactions;

(iv) Commitment size;

(v) If a sale, whether long or short;

(vi) Whether the order reflects a modification or cancellation;

(vii) Settlement method;

(viii) The bank, counterparty or broker-dealer by or through whom executed;

(ix) Whether the order is discretionary and, if not, any instruction received from the Client;

(x) The name of the person who recommended the transaction and the person who placed the order;

(xi) Whether the investment is a primary issuance or secondary market transaction; and

(xii) Whether the trade requires subsequent action apart from the initial transaction including, but not limited to, any embedded, attached or follow-on trades ("Embedded Trades") to be executed.

In the event an initial trade requires a subsequent Embedded Trade, the Embedded Trade must be entered into the OMS contemporaneously with the initial trade and include the necessary information detailed above. Any elections which may need to be made in connection with the Embedded Trade (e.g. voting requirements) should be outlined within the trade ticket or immediately sent to operations for review. See the Voting Procedures contained in the Company's Policy Regarding Proxy Voting for further detail.

All trades are confirmed by comparison of (i) the Company's trade log to the Company's trade blotter, and (ii) the Company's trade log to the relevant counterparty log.

In general, the Company attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for the Client accounts.

After Hours Trading

The portfolio manager has the discretion to place trades for execution after normal market hours if he or she believes that the trade is in the best interest of the fund after taking into account the potential risks inherent in after-hours trading, including potentially wider spreads and limited liquidity. The Authorized Trader is responsible for ensuring best execution for trades.

Rule 105 of Regulation M – Covering Short Sales with Follow-on Public Offerings

Rule 105 of Regulation M prohibits the short sale of a stock that is subsequently purchased in certain follow-on public offerings ("Offering Stock"). Rule 105 was implemented to prohibit short sellers from artificially depressing the offering price of Offering Stock and engaging in transactions in which they do not assume any market risk. The staff of the SEC has taken enforcement actions against investment advisers for relatively small and apparently unintentional violations of Rule 105.

Rule 105 generally applies to short sales of Offering Stock effected during a period that is equal to the shorter of:

- Five business days before the pricing of a follow-on offering until the pricing of the offering; and

- The time of the Form 1-A or Form 1-E registration statement until the pricing of the offering.

An investment adviser that short sells Offering Stock during this period is generally prohibited from participating in a follow-on public offering. The availability of these exceptions is highly dependent upon the relevant facts and circumstances and requires a careful analysis of Rule 105's various provisions.

The Company's policies and procedures regarding the short sales in the context of follow-on public offerings are as follows:

- Traders participating in any follow-on offering must be aware of, and abide by, the restrictions imposed by Rule 105;

- Notify the CCO prior to participating in a follow-on offering if there is any question as to whether the Company or an affiliate sold the Offering Stock short in the five business days before the offering was priced; and

- If the Company or an affiliate sold the Offering Stock short during the five business days before the offering was priced and the Company nonetheless wishes to participate in the follow-on offering pursuant to an exception to Rule 105's general prohibitions, the CCO must grant written pre-approval for the Company's reliance on the particular exception.

POLICY REGARDING USE OF INDUSTRY EXPERTS OR SIMILAR CONSULTANTS

Use of Industry Experts or Similar Consultants. We have adopted special policies for interactions that Highland employees may have with industry experts or other consultants who may have access to and who could inadvertently or otherwise communicate material nonpublic information to Highland.

Using Industry Experts for Research

Employees may consult with paid industry experts as part of the Company's research process. Employees may arrange to consult with such experts only through an Approved Provider. If an Employee wishes to consult with any paid expert other than through an Approved Provider, the Employee must first submit the proposed expert to the CCO or designee for review and approval.

Employees who consult with a paid industry expert must observe the following guidelines (in addition to those set forth in **Appendix G** and **H**):

- Employees are prohibited from contacting experts who are working on a clinical trial for which the results have not yet been made public;
- Employees who receive information that could potentially be considered Material Non-Public Information during communication with a paid industry expert must immediately report the receipt of such information to the CCO or designee; and
- Employees may not consult with a paid industry expert who is an officer, director, or current employee of a public company or who has been during the previous six months, unless express approval of the CCO is obtained.
- Employees may not consult with a paid industry expert who is an officer, director, or current employee of a private company or who has been during the previous six months, unless either (i) such consultation does not relate to information involving such private company or (ii) the Company immediately adds such private company to the Company's Restricted List, unless express approval of the CCO is obtained that such restriction is not required.

Appendix G hereto contains a statement to be acknowledged by such experts or consultants prior to any Highland employees communicating with any such persons. **Appendix H** hereto contains a description of certain procedures each Highland employee must follow in communicating with any such experts or consultants and a form that the Highland employee must complete promptly following each such communication.

POLICY REGARDING USE OF POLITICAL INFORMATION FIRMS OR SIMILAR POLITICAL CONSULTANTS

Use of Political Information Firms or Similar Consultants. We have adopted special policies for interactions that Highland employees may have with Political Information Firms or other consultants who may have access to confidential, statutory or regulatory developments and who could inadvertently or otherwise communicate material nonpublic information regarding such matters to Highland. Accordingly, all Highland investment personnel must identify to Highland Compliance any such proposed firms or consultants prior to engaging in conversations with such firms or persons and have received confirmation from Highland Compliance that such firms or consultants are approved by Compliance to be consulted (any such approved consultant or firm, an "Approved Provider").

Using Political Experts for Research

Employees may consult with paid or unpaid experts regarding, statutory or regulatory matters (collectively, "Political Information"), as part of the Company's research process. Employees may arrange to consult with such experts only through an Approved Provider. If an Employee wishes to consult with any Political Information expert other than through an Approved Provider, the Employee must first submit the proposed expert to the CCO or designee for review and approval.

Employees who consult with an expert or firm regarding Political Information must observe the following guidelines (in addition to those set forth in **Appendix I** and **J**):

- Employees are prohibited from contacting experts who are known or believed to have confidential access to pending or proposed government rules, regulations or statutes, provided that employees shall be free to contact (i) elected officials or candidates for office with respect to which such employee has a right to vote and (ii) government officials regarding matters of regulatory or legal compliance related to the Company's business;

- Employees who receive information that could potentially be considered Material Non-Public Information during communication with an expert regarding Political Information must immediately report the receipt of such information to the CCO or his designee.

Appendix I hereto contains a statement to be acknowledged by such experts or consultants prior to any Highland employees communicating with any such persons (other than elected officials or candidates for office with respect to which such employee has a right to vote). **Appendix J** hereto contains a description of certain procedures each Highland employee must follow in communicating with any such political experts or consultants and a form that the Highland employee must complete promptly following each such communication.

POLICY REGARDING ALLOCATION OF ORDERS

Purpose and Scope

The Company manages a number of accounts with considerably different investment policies, trading limitations, cash availability and other characteristics material to day-to-day allocation decisions. The Company's policy is to require that all investments be allocated in a manner that treats each Client fairly and equitably over time. The Company makes no effort to allocate a portion of each instrument purchased to all eligible Clients and also may make no effort to sell a particular instrument out of some accounts even when it is selling that instrument out of other accounts. The Company may view positions in instruments rated similarly and issued by companies in similar industry categories as being effectively fungible due to the broad diversification of accounts among industries, issuers, type of security and credit quality.

General Policy

The Company shall conduct itself in a manner consistent with its fiduciary duty to its Clients. In making decisions to recommend, purchase, sell or hold securities for all of its Clients, the objective is to treat each Client in a fair and equitable manner. Allocations may not be based upon asset performance, applicable fee structures or the Company's beneficial or other interest in the Client. The Company shall avoid any action that could result in an unfair or inequitable disadvantage to any Client account or unfair or inequitable advantage to any proprietary account or any Client account that is charged performance-based fees.

Allocations Procedures Generally

It is Highland's policy to allocate investment opportunities fairly and equitably over time. This means that such opportunities will be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with the accounts' objectives and program, whether such objectives are considered in light of the specific investment under consideration or in the context of the portfolio's overall holdings; (ii) the potential for the proposed investment to create an imbalance in the account's portfolio (taking into account expected inflows and outflows of capital); (iii) liquidity requirements of the account; (iv) potentially adverse tax consequences; (v) regulatory and other restrictions that would or could limit an account's ability to participate in proposed investment; and (vi) the need to re-size risk in the account's portfolio. Highland has the authority to allocate trades to multiple accounts on an average price basis or on another basis it deems fair and equitable. Similarly, if an order on behalf of any accounts cannot be fully allocated under prevailing market conditions, Highland may allocate the trades among different accounts on a basis it considers fair and equitable over time. One

or more of the foregoing considerations may (and are often expected to) result in allocations among accounts on other than a *pari-passu* basis.

The employees responsible for allocations may represent one client, various Clients, or specific types of Clients. The Company from time to time will review the allocations process and may change employees and/or process as it deems necessary to reduce any actual or perceived conflict of interest and to ensure allocations are done in accordance with the fairness over time standard.

In setting allocations, employees may consider what Clients are permitted to hold the type of instrument in question and, if so, any limitations on amount, whether a Client could benefit from increased diversification or reduced industry concentration, whether an allocation to the Client would improve diversification or concentration, how much of the instrument the Client already owns, the investment capacity of the Client as a result of cash on hand, capital commitments or anticipated additional cash, the minimum unit size the instrument can be traded in, and other relevant factors.

In addition, Allocations may also take into account the following factors:

- "First fill" instructions—if it is fair and reasonable that certain Client are fully filled of their appetite before others (e.g., for tax considerations, to avoid de minimis partial allocations, to cover or close out an existing position to mitigate risk or losses, etc.), then these Clients may receive full or disproportionate allocations, with the remaining amounts allocated in accordance with normal procedures among the other participating Client.

- De minimis allocations—if a given Client would be allocated less than a predetermined dollar amount a predetermined number of shares. Allocations may determine to allocate no amount to that Client provided that over time such Client receives reasonable allocations.

Equity Process

Equity investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager.

- IPOs will generally be allocated pro-rata based on the assets under management of the participating accounts.

Real Estate Process

"Real estate assets" (i.e. fee simple estate, leasehold estate, or securities in single purpose entities that directly hold the same) including, without limitation, real estate preferred equity or mezzanine debt investments will generally be allocated solely by the Portfolio Manager making the investment election as follows:

First, the allocation policy looks to the investment objectives of the accounts managed by the Company and its affiliates. Neither the Company nor its affiliates is required to offer to any client any opportunities that do not meet the investment objectives and criteria of such client. Clients may also have minimum target investment thresholds, and neither the company nor its affiliates will have any objection to present investment(s) below such threshold to such client(s). Personnel of the Company and its affiliates may invest in any such investment opportunities not required to be presented to clients.

To the extent the opportunity is consistent with the investment objectives of more than one client managed by the advisor and its affiliates, the allocation policy then looks to other factors, such as:

- Which account has available cash (including availability under lines of credit) to acquire the investment;
- Whether there are any positive or negative income tax effects on any of the accounts relating to the purchase;
- Whether the investment opportunity creates geographic, asset class or tenant concentration/diversification concerns for any of the accounts;
- How the investment size, potential leverage, transaction structure and anticipated cash flows affect each account, including earnings and distribution coverage; and
- Whether one or more of the accounts has an existing relationship with the tenant(s), operator, facility or system associated with the investment, or a significant geographic presence that would make the investment strategically more important.
- If an investment opportunity remains equally suitable for more than one Clients, the investment opportunity will generally be offered to the Client that has had the longest period of time elapse since it was offered an investment opportunity. However, in circumstances where an investment opportunity is suitable for more than one Client, but fits within the primary investment objective of only a subset of such Clients, then such opportunity may be allocated solely to the Client or Clients having such primary investment objective

Appendix L hereto contains a form to be completed by the Portfolio Manager making a Real estate asset investment election.

In certain circumstances, such as where time is of the essence in order to secure the potential investment opportunity, the Adviser or one of its affiliates may enter into a purchase agreement or other purchase indication or commitment in advance of a final Client suitability determination. Earnest money necessary to secure the agreement may also be advanced in full, with the understanding that following an allocation determination, the Client(s) to which such allocation is made will have a pro rata obligation to reimburse such Adviser (or applicable affiliate) for the full amount of any advanced earnest money or other advanced

expenses in proportion to their respective allocation of the investment. In the event no such allocation is ever made, such Adviser (or applicable affiliate) will bear full risk of forfeiture of any non-refundable earnest money or expenses. The allocation process set forth in this paragraph is generally only appropriate in circumstances where a Client allocation cannot be determined with precision at the time of an investment decision (e.g., where available cash among accounts is not yet known, etc.) The Adviser should, however, memorialize in writing its intention to rely on this paragraph and provide as much allocation detail as is reasonably practicable at the time of the investment decision.

Life Settlement Process

Life settlement investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager.

Credit Process

Gatekeeper E-mails

Initial target Allocations are set forth by the respective Portfolio Managers within the relevant Gatekeeper email responses, as applicable, except with respect to i) real estate preferred equity or mezzanine debt, ii) investment Grade Bonds, and iii) sovereign Bonds (*See,* Policy Regarding Portfolio Management).

Equity Process

Equity investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager, after taking into the allocations policy considerations and procedures set forth above.

- An exception to the above would be equity received in connection with a credit restructure ("Reorganization equity: re-org equity"). Re-org equity would be subject to the Head of Credit Research review and Gatekeeper emails.

Investment Grade Bonds Process

Investment grade bond investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager, after taking into the allocations policy considerations and procedures set forth above.

Publicly Listed Bonds Process

Publicly listed bond investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager, after taking into the allocations policy considerations and procedures set forth above.

Sovereign Bonds Process

Sovereign bond investments will generally be allocated solely by the portfolio manager making the investment election, among the accounts managed by such portfolio manager, after taking into the allocations policy considerations and procedures set forth above.

Order Entry

Once an investment idea has been approved, and the Fund Managers have outlined Target Allocations, a member of the applicable Portfolio Manager's investment team typically enters the orders into the OMS for credit/debt investments and a member of the trading desk enters equity orders at the direction of the applicable Portfolio Manager. Each order is generally entered directly in the name of the accounts to which the applicable trade has been allocated, but may in certain circumstances be entered in omnibus Clients, i.e. "Separate Funds, CLOs, etc." and sent to the Fund Managers for review. If feasible, the Fund Manager will then break down the order to more specific Target Allocations by selecting exactly how much each Client desires to hold. All OMS orders are sent to the Trading Desk for execution. Most trades are already pre-allocated now before desk executes

Pre-Settlement Allocations

After the close of the trading day, Allocations reviews executed orders for the day. After comparing the Target Allocations to the executed orders Allocations may adjust the allocation to any Client based on a variety of considerations including whether or not:

(i) a credit or other event occurred that makes acceptance and payment for the investments by a Client illegal or impermissible under investment guidelines applicable to such Client;

(ii) a trustee, financing source or other person with authority to accept the investment rejected it;

(iii) the Clients to which such investment was allocated have insufficient cash reserves after such allocation due to intervening events between the time of the Target Allocation and the time the trade occurred; or

(iv) the Company was unable to acquire the aggregate amount of the investment required to satisfy the Target Allocation to all Clients.

In the instances outlined above, Allocations may deem it necessary to reallocate an investment to Clients other than those included in the Target Allocations. The Company will allow Allocations to reallocate such investment at the same price, provided it is done in good faith and in a commercially reasonable manner. To the extent possible, a reduction from one type of Client shall be allocated to the same type of Client (e.g., an allocation targeted for one CLO would be reallocated to another CLO).

If Allocations need to reduce the size of the Target Allocation to any Client because an insufficient amount of the investment was acquired, then such reduction may be done on a pro rata basis across the Clients in the initial Target Allocation. Alternatively, Allocations may reduce an allocation on a non-pro rata basis so long as such decision isn't made to favor one Client over the other but rather is made to further the interests of the Clients involved in the trade and ensure timely settlement.

If Allocations determines that it must increase the size of the original allocation because the amount of the investment acquired was greater than the Target Allocation, or to sell more because such sale was executed for a greater amount than intended, then such increase or decrease may be done on a pro rata basis across the Clients to which such investment was allocated prior to such investment Alternatively, Allocations may decide to adjust such allocation on a non-pro rata basis so long as such decision isn't made to favor one Client over the other but rather is made to further the interests of the Clients involved in the trade and ensure timely settlement.

Further, if necessary, Allocations may in good faith determine to sell positions out of a Client not part of the Target Allocations in the case of an oversell, or buy a position into a Client not part of the Target Allocation in the case of an overbuy, if done in good faith. Facts considered relevant in determining good faith would be whether or not the Client would have bought or sold but for the fact that the Target Allocation was of insufficient size that it was deemed unnecessary to include the Client in the Target Allocation though the Client could possibly improve its positioning through such purchase or sale.

Allocation of Strip Trades

Often tranches of bank debt trade together. For example, any issuers Term Loan C, Revolver, Delayed Draw Term Loan will trade as one loan meaning each transaction involves a pro-rata share of each tranche ("Strip Trades"). In Strip Trades it may not be possible to allocate pro-rata across the Clients since some Clients may not hold certain tranches or, due intervening event including sales or transfers by selling Clients, the Clients may no longer hold the bank debt pro-rata. Where a sale of a Strip cannot come from one account, Allocations may reallocate the trade to Clients not part of the Target Allocations at the original price in order to satisfy such executed order.

Traders Book

In addition to the investment strategies implemented by the portfolio managers for each of our Clients such portfolio managers may also give trading desk personnel of the adviser general authorization to enter into a limited amount of short-term trades (purchases expected to be sold within 15 business days) in debt instruments on behalf of such Clients. Over time, it is expected that these trades will not exceed 2% of each such Client's assets. Such investments executed by Authorized Traders are generally allocated on a weighted rotational basis, based on the AUM of the accounts eligible to participate in such investment

opportunities. Given the weighted rotational nature of allocations, in the event a short-term trade has been allocated and subsequently settled, but determined after the fact it was allocated to the incorrect Client and the correct Client would have been part of the original allocation but for the allocations error, the Client that was omitted on the settled allocation will receive priority in the weighted rotational allocation until the correct weighted allocation is approximately received.

Disposition of Investments

If the decision is made to dispose of an instrument, then (subject to applicable Client guidelines) such instrument will be disposed of on behalf of all participating Clients on a pro rata basis based on position held, provided such disposition is allowable under law and by any and all Client documents or other restrictions. Such disposition may be made non pro-rata as outlined in this Policy.

Fund Manager and Portfolio Manager Dispositions

Fund Managers and Portfolio Managers may have the authority to make dispositions of particular instruments for Clients without consulting Allocations. In doing so, they should circulate a "Gatekeeper" request with respect to the sale if the decision to sell is a result of a general desire to reduce exposure to the applicable investment, but no Gatekeeper request is required (i) where the investment is not held by any other accounts, (ii) if the decision to sell is based solely on the specific needs or requirements of one or more particular accounts, or (iii) with respect to the disposition of short-term investments, in which case all applicable portfolio managers may separately decide when to exit such positions. In the event a Gatekeeper request is circulated with respect to a proposed sale, the amount sold from each of the accounts responding shall be subject to the same fundamental principles of fairness over time and the other considerations outlined in this policy.

Repurchase Guidelines

The following guidelines apply where an instrument is disposed of but at the time of such sale, Highland believes that it or another Client may be willing to purchase the asset(s) at a later date:

(i) The sale should consistent with Highland's duty of best execution (generally, at the best price and execution available);

(ii) Neither Highland nor any of its Clients or representatives may agree or commit to repurchase the asset(s);

(iii) Highland can indicate that it or its Clients may seek to purchase the asset(s) in the market at a later date, but should accompany any such indication with a statement that neither it nor any of its clients is under any binding commitment or agreement to do so; and

(iv) Highland should not otherwise provide any indication regarding repurchase pricing.

In order to ensure clarity of communication regarding the foregoing restrictions, the following script must be used when communicating with the proposed counterparty whenever a potential repurchase is contemplated at the time of disposition:

> "We are selling these securities through your firm because we believe that your firm is offering the best price and execution for this trade. While it is possible that, we are not agreeing or committing that we will repurchase these securities from your firm, we may seek to purchase these securities in the market, through the broker that offers the best price and execution for such a trade."

In the event the Company or one or more Clients does subsequently agree to purchase all or any of such securities, no such purchase may be agreed or otherwise committed to earlier than the third business day following the sale without the approval of the CCO in light of the market conditions for the security as such other factors as the CCO may deem relevant.

Share Costs Pro Rata

All transaction costs will be shared pro rata in accordance with final allocations. Where any compensation or other remuneration is paid or received in connection with any transaction, it will be shared among the Clients participating in the transaction pro rata in accordance with the final allocations; provided, however, that if the Company has disclosed to the Client holder that certain remuneration is retained by the Company or its affiliates in connection with such transaction and such remuneration may be lawfully retained. Furthermore, nothing in this Policy shall limit the ability for the Company to utilize or allocate the usage of soft dollars pursuant to its' Soft Dollar Polices.

Prohibited Allocations

The Company will not consider performance fees or differences in management fees between accounts in determining allocations.

The Company will not consider direct and indirect ownership of the Company or its affiliates or employees in an account in determining allocations.

The Company will not consider relative performance of accounts in determining allocations (for example, by allocating more desirable investments to accounts that have recently underperformed).

Errors in Allocations

Allocations are susceptible to human error. In addition, there is a possibility that allocations were originally made to a Client which, in the case of a buy, cannot or doesn't not desire to hold the asset, and in the case of a sale, does not hold the asset or assets or enough par amount of the asset to cover the sale, among other things. It is possible that due to the delayed settlement of loans, that an error in allocation (as outlined above) may not be discovered until the trade is into the settlement process. Whenever such an allocation error is discovered, the Fund Manager in charge of making the Target Allocation (or a designee) or the member of Allocations in charge of the final allocation, if applicable, is required to fill out an Allocation Error Form. This form requires the Fund Manager or member of Allocations to enter the original Client the asset was allocated to, whether it was a buy or sale, the par quantity, the price at the time of allocation, the applicable price at the time of re-allocation (which shall be the "ask" in the case of a buy or the "bid" in the case of a sell), the quantity at the time of re-allocation and any gain/loss caused by the allocation change. In the event of a loss caused by Highland (and not a third party), it is Highlands policy to reimburse the Client for such loss unless evidence acceptable to the Chief Compliance Officer can be provided that the Client(s) to which such reallocation was made would have been part of the original allocation but for the allocations error. Gains are kept by the Client receiving them. Notwithstanding the foregoing, errors in Traders Book allocations are generally handled as described under "Traders Book" above.

Recordkeeping

The Company's books and records will separately reflect securities held by, bought, or sold for accounts that participate in each aggregated order. (For a more thorough discussion of the Company's recordkeeping policies and procedures, please refer to the Company's Policy Regarding Bookkeeping.)

Chief Compliance Officer Approvals

When required, the Chief Compliance Officer's approval of a transaction shall be in writing or in such other appropriate format as he or she deems necessary or desirable. Approvals may be verbal, provided that the approval is thereafter confirmed in writing in a timely manner. If the Chief Compliance Officer is unavailable, and failure to act would result in a significant disadvantage to an account, the Company may, after exercising good business judgment and common sense, obtain written approval from the Chief Compliance Officer's designee.

POLICY REGARDING FEE BILLING AND EXPENSE ALLOCATION

Purpose and Scope

The purpose of this policy regarding fee billing and expense allocation (this "Policy") is to ensure that the Company complies with applicable law with respect to fees paid by Clients and expenses allocated to Clients.

General Policy

Fees paid by Clients must be consistent with advisory contracts and other applicable disclosures. Any unearned fees that were prepaid by terminating Clients should be returned unless retention of such fees is consistent with the governing Client agreement(s) following consultation with the Company's Legal and Compliance Department.

The Company must also ensure that each Client only bears expenses that are permissible under the relevant Limited Partnership Agreement or other applicable agreement, and that shared expenses are allocated in a manner that is fair to all participating Clients.

Policies and Procedures

Allocating Expenses

In general, the following expense categories are allocated to each Client as permitted by its governing documents, offering documents, and relevant disclosures:

(i) Expenses of organizing the Client;

(ii) Management fees;

(iii) Management incentive fees;

(iv) Expenses attributable to research services (which may be in reliance on Section 28(e));

(v) Brokerage commissions (which may be in reliance on Section 28(e));

(vi) Taxes and other fees payable by the fund to federal, state or other governmental agencies;

(vii) Expenses involved in registering and maintaining registrations of the fund and of its shares with the Securities and Exchange Commission ("SEC") and various states and other jurisdictions;

(viii) Fees payable to the fund administrator, custodian and other service providers;

(ix) The charges and expenses of legal counsel in connection with matters related to the fund;

(x) The charges and expenses of bookkeeping, accounting and auditors;

(xi) Interest payable on fund borrowings; and

(xii) All other expenses permitted by the Client's governing and offering documents.

In general, expenses incurred for the exclusive benefit of a single Client will be borne solely by such Client. Any expenses shared by more than one Client, institutional, retail or proprietary, will be allocated in a manner that is demonstrably fair and that is consistent with disclosures to all affected Clients. Generally, such expenses will be allocated pro-rata based on each Client's Assets Under Management ("AUM"). AUM includes the market value of investment assets under management, but excludes investment assets that are advised funds to avoid double counting of such funds when performing expense allocations. For any advised accounts that are not permitted to bear certain expenses, the account will be included in the calculation of the pro-rata allocation of the cost to each fund, but the Company will bear the expense for any account that is not permitted to pay the expense. Where applicable, certain research related expenses will be paid with soft dollars as permitted by the Section 28(e) safe harbor.

POLICY REGARDING SOFT DOLLARS AND BEST EXECUTION

Purpose and Scope

The purpose of this Soft Dollar Policy and procedure (the "Policy") is to ensure that all soft dollar arrangements utilized by the Company comply with applicable legal requirements and the SEC guidelines related to the safe harbor of Section 28(e) of the Exchange Act.

General Policy

The Company has an obligation to obtain "best execution" for client transactions under the circumstances of the particular investment transaction. When more than one broker-dealer is able to satisfy the Company's obligation to obtain best execution, the Company may place a trade order on behalf of client accounts with a broker-dealer that charges more than the lowest available commission cost or price in exchange for certain brokerage and research services provided either directly from the broker-dealer or through a third party ("Soft Dollar Arrangements"), provided that each of the following is met:

(i) the Company determines (i) the research or brokerage product or service constitutes an eligible brokerage or research service (as each is defined below); (ii) the product or service provides lawful and appropriate assistance in the performance the Company's investment decision making responsibilities; and (iii) in good faith that the amount of client commissions paid is reasonable in light of the value of the products or services provided;

(ii) the brokerage or research is "provided by" a broker-dealer who participates in effecting the trade that generates the commission. The Company may not incur a direct obligation for research with a third-party vendor and then arrange to have a broker-dealer pay for that research in exchange for brokerage commissions, although research and brokerage services may be received from a third party other than the broker-dealer with whom commissions are generated provided that the broker-dealer has directly made arrangements with the third party to pay for the services provided to the Company;

(iii) the Company may only generate soft dollars with commissions in agency transactions;

(iv) the Company may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or OTC security shall be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between the Company and the market for that security;

(v) No soft dollars are generated on accounts for which (i) investment discretion resides with the client (i.e. non-discretionary accounts), (ii) client mandates restrict or prohibit the generation of soft dollar commissions, or (iii) the client has a directed brokerage arrangement; and

(vi) The brokerage trade placed is for "securities" transactions (and not, for example, futures transactions).

Best Execution

As part of its fiduciary duty to Clients, the Company has an obligation to seek the best price and execution of Client transactions when the Company is in a position to direct brokerage transactions. While not defined by statute or regulation, "best execution" generally means the execution of Client trades at the best net price considering all relevant circumstances. In assessing whether this standard is met, the Company should consider the full range and quality of a broker's services when placing trades. The Company will seek best execution with respect to all types of Client transactions, including equities, fixed income, options, futures, foreign currency exchange, and any other types of transactions that may be made on behalf of Clients. The Company will conduct the following types of reviews to evaluate the qualitative and quantitative factors that influence execution quality:

- Initial and periodic reviews of individual broker-dealers;
- Contemporaneous reviews by the Company's Traders; and
- Quarterly meetings of the Brokerage Committee.

Eligible Brokerage and Research Products and Services

Soft dollars may only be used to pay for eligible "research" or "brokerage" services. To be eligible as research or brokerage that may be paid for with soft dollars under the safe harbor of Section 28(e), the following requirements must be satisfied:

Research must be a product or service that constitutes "advice," "analyses" or "reports" on certain subject matters:

(i) "Advice" may be received directly from the broker-dealer or through publications or other writings, and must relate to the value of securities; the advisability of investing in, purchasing or selling securities; or the availability of securities or purchasers or sellers of securities.

(ii) "Analyses" and "Reports" must relate to issuers, industries, securities, economic factors and trends, portfolio strategies or account performance.

Note: SEC guidance indicates that these enumerated subject matters include subsumed topics related to securities and the financial markets (e.g. "a report concerning political factors that are interrelated with economic factors").

The advice, analyses or report must reflect substantive content: i.e., the "expression of reasoning or knowledge" related to the subject matters (or applicable subsumed topics) detailed above. This need not be "original" knowledge; it may be a product or service that compiles the research of others.

Only commissions may be used for soft dollar arrangements, which include fees paid for "Eligible Riskless Principal Transactions in NASDAQ Traded Securities," which are reported under FINRA Rule 4632, 4642, or 6420. These refer to certain NASDAQ trades in which both legs of a riskless principal transaction are executed at the same price, and Highland Capital receives a confirmation disclosing this price and the remuneration to the FINRA member for effecting the transaction. No transactions done on a principal basis, including on riskless principal basis other than as described above, can be used for Soft Dollar Arrangements.

Brokerage products or services eligible for soft dollars under Section 28(e) are certain brokerage services that begin when the Company communicates with a broker-dealer for the purpose of placing an order for execution and ends when the securities are delivered or credited to the client account or account holder's agent. It may be possible that a product or service may be eligible for safe harbor as "eligible research," but not as "eligible brokerage" and vice versa. For example, "order management systems" are not eligible under Section 28(e) as a research product, but may be eligible as a brokerage product.

Direct and Non-Direct Benefit

The Company may use soft dollars to acquire brokerage or research products and services that have potential application to all the Company Client accounts or that benefit only certain client accounts. Additionally, not all research and brokerage products and services will be used in connection with the client accounts that generate the soft dollar commissions that pay for such products and services.

Mixed-Use Products and Services

Mixed-use research or brokerage products and services are those products and services obtained through Soft Dollar Arrangements that are also used for purposes other than those permitted under the safe harbor of Section 28(e). The Company must identify the use of a product or service that does not fall within the safe harbor of Section 28(e), and pay for such use with hard dollars. In doing so, the Company must to be able to demonstrate a good faith attempt to allocate payment for the product or service between soft and hard dollars, document how it made those allocation determinations, and periodically review the allocations to determine if they are still accurate and relevant.

Applicability and Primary Responsibility:

Although this Policy applies to all investment lines, soft dollar commissions are most often generated on equity transactions. The Policy and procedures apply to fixed income transactions to the extent they generate soft dollar commissions.

Operating Procedures

Soft dollar credits may only be generated on transactions and used in connection with Soft Dollar Arrangements that have been approved pursuant to the Policy, unless otherwise noted. The Brokerage Committee (the "Brokerage Committee") shall be responsible for overseeing Soft Dollar Arrangements. New soft dollar arrangements must ultimately be approved by the Brokerage Committee. For those Soft Dollar Arrangements that relate to a mixed- use research or brokerage service, the Brokerage Committee must also determine an appropriate allocation between hard and soft dollars and document its allocation decision. To enable the Brokerage Committee to make this determination, a Portfolio Manager, research analyst, trader or other investment person requesting approval of a new Soft Dollar Arrangement must complete a Soft Dollar Arrangement Request Form which must be approved by the appropriate Department Head. Once appropriate business line approval is received, it is given to the Brokerage Committee for review and approval. Approval of Soft Dollar Arrangements that fall outside of the safe harbor of Section 28(e) or the Policy must be approved by the Company's President, Chief Compliance Officer ("CCO"), or General Counsel (or designee). Notwithstanding the foregoing, the Company may engage in the previously-approved Soft Dollar Arrangement without seeking additional approvals.

The Brokerage Committee or its designee shall quarterly review the Company's existing Soft Dollar Arrangements and determine (i) the research or brokerage product or service continues to be an eligible brokerage or research product or service; (ii) the product or service continues to provide lawful and appropriate assistance in the performance of the Company's investment decision making responsibilities; (iii) in good faith that the amount of client commissions paid is reasonable in light of the value of the products or services provided, and (iv) that any mixed use allocation continues to be appropriate. In making these determinations, the Brokerage Committee may solicit updated information from the Highland Capital associate who originally sought approval of the product or service.

Enforcement of the Policy

The Chief Compliance Officer (or other employee in Compliance) with assistance from Counsel shall:

(i) Approve/deny Soft Dollar Arrangements that fall outside of Section 28(e) safe harbor.

(ii) Review brokerage/research contracts as needed.

(iii) Provide legal guidance on the requirements of Section 28(e).

The Brokerage Committee shall:

(i) Reviews soft dollar commissions generated by executed trades.

(ii) No less than annually, review the research and brokerage products and services obtained through existing Soft Dollar Arrangements to determine that each continues to meet the eligibility requirements for safe harbor under Section 28(e).

Portfolio Manager, Trader or Research Analyst shall:

(i) Obtain, complete, and submit to Soft Dollar Committee a Soft Dollar Arrangement Request Form for new Soft Dollar Arrangements.

Recordkeeping

Soft dollar information is stored on the Highland Capital systems network in a secure environment that includes storage, backup and maintenance. To the extent a third-party broker-dealer is utilized to manage Highland Capital's Soft Dollar Arrangements, records related to soft dollar arrangements may be maintained with the third-party broker, provided they are accessible to Highland Capital on demand via the third-party broker's web portal.

Records are retained in accordance with Highland Capital's Record Retention Policy. Committee meeting agendas and minutes documenting the review and approval of Soft Dollar Arrangements as well as mixed use allocations are retained by the Committee Chair for the period required under the Highland Capital Record Retention Policy. Soft dollar agreements shall be retained by a member of Accounts Payable team.

Conflict Resolution and Escalation Process

Identified conflicts or issues are brought to the attention of Brokerage Committee. The Brokerage Committee works on a resolution, and involves additional parties as necessary. Conflicts and resolutions are documented in the Brokerage Committee meeting minutes.

The Chief Compliance Officer may grant exceptions to any provision of this Policy to the extent such exceptions are consistent with the purpose of the Policy and applicable law, are documented and are retained in accordance with record retention requirements.

POLICY REGARDING TRADING ERRORS

Purpose and Scope

The purpose of this policy regarding trade errors (this "Policy") is to ensure that the Company complies with the fiduciary duty owed to its Clients when trading errors occur in their accounts. It is the Company's general policy to correct all trade errors immediately upon discovery. The Company's objective is to ensure that all trade errors are dealt with in a manner so as to reduce the potential for loss to a Client as a result of the Company's acts or omissions.

General Policy

As a fiduciary, the Company is expected to exercise the highest degree of care and diligence with respect to Client assets and appropriately correct errors incurred as a result of human mistakes, systems limitations, breakdowns in communication, or any other reasons that may expose a client to potential risks associated with a trade error. The Company has a fiduciary duty to identify, communicate, negotiate and resolve trade errors in a manner consistent with the best interests of its Clients, regardless of the cause or origin of the error or whether it is attributable to the Company or a third-party.

An error occurs whenever the Company effects a transaction for a Client that is different from what was actually intended. While there is no standard definition under applicable law, for purposes of this Policy, the term "trading error" shall include, among other things, the following:

(i) an incorrect order upon entry;

(ii) the purchase or sale of the wrong quantity of Securities or the wrong asset or type or class of asset; and

(iii) any transaction that violates or conflicts with an account's investment advisory contracts, investment guidelines, other agreements and understandings, restrictions or tax objectives relating to such account, the Company's policies or procedures or applicable law, regardless of whether the error is due to a mistake, systems failure, miscommunication or otherwise.

Types of Trade Errors

A trade error can occur in a variety of ways, below is a non-exhaustive list of some of the more common types of trade errors.

Type of Error	Practical Example	The Company's response	Is this a true "trade error"
Security	Purchase/sell of incorrect security (i.e., erroneously buy DS Waters of America, Term Loan 7.28% 10/27/12 while intending to purchase DSW, Term Loan 9.13% 10/27/12)	This trade would most likely be reversed or if post settlement would be switched. The switch would take place at no penalty to the accounts	YES, due to the switch this would be considered "action taken" and therefore would fall under the definition of a trade error.
	Purchase/sale of security not authorized due to firm having material non-public information	Compliance would be informed and the trade would be immediately reversed	YES
Quantity	Purchase of wrong or unintended number of securities. (i.e., purchase of $1,000,000 bond with Apple Corp when the intention was to purchase 10,000,000)	With the purchase of a lower amount than initially intended a second trade will be necessary to make the intended allocation whole.	NO, in this instance there is no way to distinguish between an intentional under-purchase due to market timing and an unintentional trade error
	Purchase of wrong or unintended number of securities. (i.e., purchase of 10,000,000 bond with Apple Corp when the intention was to purchase 1,000,000)	If the extra 9,000,000 is determined to be a desired investment it is allocated to the funds out of the Omnibus account.	NO, the additional shares are allocated to the funds, so no corrective action is taken.
		If it is determined the extra 9,000,000 is more exposure than wanted the extra shares will be sold back into the market	YES, due to the corrective action taken this would be considered a trade error.
	Failure to purchase/sell securities as intended (i.e., following Gatekeepers email decision, input of trade is overlooked)	Trade would be executed following discovery if the issue was still considered a good investment.	NO, no true corrective action is taken
Price	Failure to sell a security at the intended price (i.e., the Company enters a limit order to sell a security when price hits $65 and the intention was to sell the security when the price hit $68. Price hits $65 and sell order is automatically executed)	There is no guarantee that a security will hit a specific anticipated price. Therefore, no action would be taken provided the security was sold at a market clearing price.	NO, no corrective action is taken.
	Failure to buy a security at the intended price (i.e. Firm enters a limit order to buy a security when price hits $68 and the intention was to buy the security when the price hit $65. Price passes $65 but buy order is not executed until price hits $68)	Despite purchase price, if the holding is still considered to be a desired investment it will continue to be held.	NO, the shares will continue to be held so no corrective action is needed.
		The holding is sold because it is no longer attractive.	YES, the selling the securities is taking corrective action

Transaction Type	Erroneously switching a buy/sell	In this case the immediate response would be to correct the error in the open market. If the Gatekeepers email determined a specific action be taken and it was not, it would need to be corrected	YES, selling in open market would be a corrective action.
Counterparty	Company's trade log does not match up with the relevant counterparty log.	Investigation would be done to determine the party at fault and where the error lies.	YES, this is considered a trade error up until the investigation is complete and the responsible party is identified. If responsible party is the Company: YES this is a trade error. If the responsible party is not the Company: NO, no corrective action necessary

Company Errors

For the Company's Clients, the Company's responsibility for its trade errors is set forth in the governing documents for the relevant Client. No soft-dollars may be used to satisfy any trade errors. In addition, the Company may not use the securities in one client's account to settle the trade error in another client's account.

Third-party Errors

Trade errors attributable to a third-party, including the executing broker-dealer, shall be corrected in such third-party's error account. The Company shall not absorb or otherwise be responsible for losses resulting from such errors.

Systems Limitations

The Company shall not absorb or otherwise be responsible for losses resulting from systems limitations, unless otherwise provided in the governing documents for the applicable Clients.

Resolution of Trade Errors

If a trade occurs that is in excess of the amount originally intended, the Company will attempt to undo the trade prior to settlement unless the Company determines that the securities being purchased or sold and the method of transaction are in the best interests of the relevant clients. If an erroneous trade occurs and the trade is not in the best interests of

the relevant clients, the Company will execute an opposite way transaction if market conditions and applicable regulations permit. If a trade occurs that may be subject to regulatory restrictions, the Company will, to the extent possible, attempt to reverse the trade or undo the trade prior to settlement.

Supervision and Recordkeeping of Trade Errors

The Chief Compliance Officer shall be immediately notified of all trade errors, as well as the resolution thereof. Trade errors must be properly documented and supported by all records relating thereto (including all original and corrective documentation including the "Trade Error Form"), executed and delivered by the preparer of the form and countersigned by the Chief Compliance Officer. All such documents and records must be maintained in a manner consistent with the Company's Policy Regarding Recordkeeping.

Trade Error Procedures.

Set forth below are the Company's general procedures with respect to trade errors:

(i) Identification and Reporting. All personnel involved in the investment process shall monitor their activities in order to detect and identify trading errors. If an error is discovered, the finder shall promptly report the error to the Chief Compliance Officer.

(ii) Approvals. All actions taken to remedy or correct a trade error must be reviewed by the Chief Compliance Officer. As noted above, a Trade Error Report shall be used to investigate, report and document each error. All applicable supporting records and documentation relating to the error (e.g., original and corrective trade records) shall be attached to each Trade Error Report. All investigations of trade errors shall include a description of the error and the origin or cause, identification of the responsible party or parties, and a description of the action(s) taken or to be taken to remedy or correct the error and to minimize the likelihood of recurrence.

POLICY REGARDING AFFILIATE TRANSACTIONS

Purpose and Scope

The purpose of this policy regarding affiliate transactions (this "Policy") is to ensure that the Company complies with the fiduciary duty owed to its Clients when engaging in transactions between one or more Client accounts and other Client accounts or itself or an affiliate. As a fiduciary the Company must always act in the best interest of its Clients and must not engage in transactions that amount to self-dealing or otherwise advantage itself or its affiliates to the detriment of a Client. The Company must adhere to Section 206 of the Advisers Act, Section 13 of the Exchange Act, and Section 17 of the Investment Company Act which, among others things and in conjunction with other rules, limit the Company's ability to engage in affiliated transactions. It is the purpose of this policy to set the standard for compliance with the Company's fiduciary duties and all relevant and applicable law when the Company or its Clients engage in affiliate transactions.

General Policy

In addition to the limitations present in the securities laws, the governing documents of Client accounts may limit the Company's ability to engaging activities with respect to such account, or may require various consents for activities where the transaction involves a conflict of interest between the Company and a Client.

The Company, its affiliates and its respective officers and employees and the respective funds and investment accounts (collectively, the "Related Parties") engage in a broad range of activities, including activities for the accounts of their Clients. Various potential conflicts may arise in respect of the Related Parties as described more fully in the Company's Form ADV.

In order to ensure that any proposed affiliated transactions are consistent with applicable law and the governing documents of the relevant Client accounts of the Company, advance approval of the Chief Compliance Officer must be obtained prior to effecting or otherwise engaging in the affiliated transaction or arrangement that involves any Clients or portfolio companies.

In addition, any cross trades or principal trades involving Client Accounts shall also comply with the Policy Regarding Cross Trades and Principal Trades outlined below.

Affiliated Transactions – Portfolio Companies

Through investments made by various clients and the Company the Company or its Clients may have effective control over a portfolio company. For purposes of determining control the company generally views any ownership greater than 25% of the outstanding voting securities of a portfolio company to have a rebuttable presumption of control.

Ownership of greater than 50% of the voting securities of any portfolio company implies a non-rebuttable presumption of control on behalf of the clients that own such securities in aggregate as a member of a "group." Additionally, there may be other facts other than ownership that give the Company or its affiliates control of a portfolio company, this includes but is not limited to, the ability to appoint directors officers or other "key" employees of the company, positions as the Chairman of the Board of Directors, familial relationships with any Officer, Director or "key" person of the portfolio company, and such other facts as the Chief Compliance Officer may determine, with the assistance of counsel, to indicate control of the portfolio company. Any time a controlled portfolio Company and a Client engage in a transaction a conflict of interest is present for both the employees with affiliations with the portfolio company and the Company. Depending on the facts and circumstances surrounding the ownership interest, including which Clients own the portfolio company, and the contemplated transaction certain approvals may be required of both the portfolio company's Board of Directors (independent board) and the Company or its clients. Before structuring any transaction in which compensation is in any way paid to or from the company or its clients or any portfolio company the employees responsible for such action must receive approval from the Chief Compliance Officer for the transaction and must obtain all necessary consents as required by this Policy and as required by the Clients.

POLICY REGARDING CROSS TRADES AND PRINCIPAL TRADES

Purpose and Scope

The purpose of this policy regarding cross trades and principal trades (this "Policy") is to ensure that the Company complies with its fiduciary duty to its Clients and with provisions of the Advisers Act when engaging in transactions between one or more Client accounts and other Client accounts or itself or an affiliate. As a fiduciary the Company must generally act in the best interest of its Clients and must not engage in transactions that amount to self-dealing or otherwise advantage itself or its affiliates to the detriment of a Client. Section 206 of the Advisers Act generally prohibits investment advisers from arranging a cross trade between clients that benefits one client over another. Section 206(3) of the Advisers Act specifically prohibits investment advisers from arranging a principal trade without making certain disclosures and obtaining client consent. The purpose of this Policy is to set the standard for compliance with the Company's fiduciary duties and all applicable regulatory requirements when the Company and its Clients engage in cross trades or principal trades.

General Policy

Cross trades. A cross trade is a transaction between two accounts managed by the same investment adviser or affiliated investment advisers. Cross trades can be beneficial to both client accounts in certain situations. For example, a cross trade can facilitate the transfer of securities among accounts without exposing the trade to the market, thereby saving transaction costs. A cross trade can also eliminate counterparty risk, and it can provide an investment adviser with additional flexibility when managing an illiquid asset or cash and redemption needs of clients. But in addition to the potential benefits for clients, cross trades can also create potential conflicts of interest and fiduciary duty issues for the investment adviser. For example, if the adviser obtains a more favorable price for one client in the cross, that in turn results in the adviser obtaining a less favorable price for the other client. Favoring one client over another can constitute a breach of fiduciary duty and subject the firm and individuals to serious consequences. It is therefore imperative that any employee contemplating a cross trade on behalf of clients be sensitive to the potential conflicts of interest and fiduciary duty issues, and strictly follow the Compliance Procedures described below, which were designed to ensure that cross trades are only effected when they will be beneficial to both clients to the trade.

Principal trades. A principal trade is a trade in which an adviser, acting for its own account (directly or through an affiliate), buys a security from, or sells a security to, a client. A principal trade can result in the same benefits to the adviser or affiliated investment advisers and the client as described above for cross trades. But the potential conflicts of

interest risk is even greater and more direct for principal trades, because the adviser is both directing a trade and potentially benefitting from it. In recognition of the increased conflicts of interest risks of principal trades, a provision in the Advisers Act pertains specifically to principal trades. Section 206(3) of the Advisers Act prohibits an investment adviser (or an affiliate), acting as a principal for its own account, from buying from or selling to a client any security without disclosing in writing to such client the capacity in which the adviser is acting and obtaining the client's consent before the completion of the transaction. Therefore, a principal trade, unlike a cross trade, requires specific disclosure to and consent from a client prior to completing the trade. Given the increased regulatory requirements for executing a principal trade, it is imperative that any employee contemplating a principal trade strictly follow the Compliance Procedures described below, which were designed to ensure that principal trades are only undertaken when they are consistent with the Company's fiduciary duty and comply with Section 206(3) of the Advisers Act.

When an Apparent Cross Trade Could Be Deemed a Principal Trade. Under certain circumstances, an apparent cross trade between two client accounts managed by the same adviser or affiliated investment advisers could actually be deemed a principal trade (and therefore be subject to the additional Section 206(3) disclosure and consent requirements). This situation could occur if the investment adviser holds a substantial stake in one of the client accounts that is buying securities from or selling securities to the other client account. In the Gardner Russo & Gardner no-action letter (June 7, 2006), the SEC staff stated that if an adviser has less than a 25% stake in an account, that account will not be deemed a "principal" account. While this SEC no-action letter provides helpful guidance in determining when an account should or should not be deemed a principal account, there are some nuances and interpretations in how to determine the 25% calculation. Therefore, if the calculation appears close to 25% (24% for example), the issue should be discussed with the CCO prior to executing the trade. The CCO may decide to consult with outside counsel to determine whether the 25% threshold has been passed and if the proposed trade should be considered a principal trade.

Importance of Using Fair Market Price. Because favoring either side of a cross trade or principal trade could constitute a breach of an adviser's fiduciary duty, it is important to execute the trade at the current market price as determined in good faith or other equitable and appropriate price with the approval of the Chief Compliance Officer, which will generally be calculated as follows, or may otherwise be determined pursuant to another appropriate process, such as an arm's length auction of the instrument or price confirmation provided by the third party valuation service. If the trade involves publicly trading securities, the Company will use the mark price at the end of the previous trading day. If the trade involves other types of securities, valuation will be determined generally as follows:

- For fair valued securities, the Company will use the most current mark according to its fair value procedures, which price shall then be consented to or otherwise verified by an independent third-party pricing or valuation service.

- For bank loans or private securities with a third-party mark or quotes, the Company will generally execute these at a price equal to either (i) the LoanX mark provided by MarkIT or (ii) the average of the highest current independent bid and lowest current independent offer, in each case, determined on the basis of "reasonable inquiry." However, to the extent such marks or quotes are unavailable or unreliable, an independent pricing or valuation service may provide the mark or quotation or verify a mark or quotation provided by the Company. Generally, the Company views "reasonable inquiry" as a LoanX depth of at least three, where MarkIT is the source of the mark, or the obtaining of quotes from three or more broker dealers.

Books and Records for the Trades Must Be Maintained. Section 204(a) of the Advisers Act and Rule 204-2(a) thereunder require investment advisers to make and to keep true, accurate, and current books and records, and to maintain certain other records for at least five years. Rule 204-2(a)(3) requires investment advisers to keep a record of certain transaction details for the purchase or sale of any security. The Company therefore must keep all documents related to the cross trades and principal trades. For example, the Company must maintain all consents obtained in connection with principal trades. The Company will endeavor to test cross trades and principal trades on a quarterly basis to determine whether the required documentation is being properly maintained.

Special Considerations for Principal Trades with ERISA Accounts. ERISA may prohibit a principal trade with an ERISA-covered account unless there is an exemption for the transaction. Company employees must consult with the CCO prior to executing any principal trade with an ERISA-covered account.

Consult With Compliance If Questions Arise About Cross Trades or Principal Trades. The summaries of key issues relevant to Cross Trades and Principal Trades above highlight some of the regulatory complexities involved in executing cross trades and principal trades. Given these complexities it is important that employees consult with Compliance about any questions or uncertainties that arise during the process of executing cross trades and principal trades.

Compliance Procedures

Prior to executing any cross trade or principal trade, the employee(s) recommending the transaction will be responsible for preparing a Cross Trade and Principal Trade Compliance Form (the "Form"), which is intended to supplement this Policy and help ensure that all cross trades and principal trades are executed in full compliance with the Company's fiduciary duties and applicable Advisers Act provisions. Set forth below is a summary of the Form requirements and the Company's compliance procedures with respect to cross trades and principal trades:

(i) Each portfolio manager (or other investment professional) recommending the trade shall determine in general with respect to a transaction that its Client would not be disfavored by the transaction, that the transaction is in the best interests of its Client, and that the transaction is otherwise consistent with the Company's fiduciary duties (including the duty to obtain best execution) to such Client. The employee must indicate on the Form the reasons why the proposed transaction is suitable for each account and affirm certain other representations.

(ii) The investment professional that monitors the issuer of the security or asset being transferred shall certify that all material information regarding the issuer has been made available to the portfolio managers in connection with their decision to enter into the trade.

(iii) If the pricing support includes fair valued or third-party pricing service marks, a member of the Company's valuation team shall confirm that the pricing support for the trade is accurate. Note that cross trades involving Highland Retail accounts require additional independent pricing support under Section 17a-7 of the Investment Company Act.

(iv) The Chief Compliance Officer or other designated member of Compliance shall confirm several items, including:

a. whether the transaction is a principal trade;

b. whether client consent was required and obtained; and

c. how client consent was obtained (support must be attached) and the date consent was received.

(v) In the event that no commission or compensation, other than the advisory fee, is received by the Company for a cross trade, the Company is not required to obtain Client consent prior to each cross trade, provided that the Company has adequately disclosed the potential for cross trades in its Form ADV or otherwise.

(vi) The Company shall obtain and keep on file all records and Client consents in connection with all cross trades and principal trades. The Company will endeavor to test cross trades and principal trades on a quarterly basis to determine whether the required documentation is being maintained.

Trade Errors Involving Cross Trades

A trade error involving a cross trade occurs whenever the Company effects a cross trade between two or more Clients where either (i) the order is incorrect upon entry; (ii) the purchase or sale order is entered for the wrong quantity of Securities or the wrong asset or

type or class of asset; or (iii) the transaction violates or conflicts with an account's investment advisory contracts, investment guidelines, other agreements and understandings, restrictions or tax objectives relating to such account, the Company's policies or procedures or applicable law, regardless of whether the error is due to a mistake, systems failure, miscommunication or otherwise. Any employee who becomes aware of a trade error involving a cross trade must immediately notify Compliance. The investment professional(s) who executed the accidental cross trade will: (i) take any actions required by the Company's Policy Regarding Trade Errors to correct the error and (ii) prepare a Trade Error Reporting Form. All applicable supporting records and documentation relating to the error (e.g., original and corrective trade records) shall be attached to each Trade Error Report. The Trade Error Report shall include a description of the error and the origin or cause, identification of the responsible party or parties, and a description of the action(s) taken or to be taken to remedy or correct the error and to minimize the likelihood of recurrence. A copy of the applicable completed Trade Error Report shall be maintained in both the Company's cross trade files as well as the Company's trade error files to ensure completeness of record regarding such error.

POLICY REGARDING VALUATION

Purpose and Scope

The purpose of this policy regarding valuation (this "Policy") is to ensure that the Company implements and maintains appropriate valuation guidelines for its Clients' portfolio securities in accordance with applicable law. This Policy outlines the Company's policies and procedures with respect to the valuation of both liquid and illiquid securities, including domestic, foreign and emerging markets securities, and the parties responsible for ensuring the Company properly values such securities. The board of trustees (the "Board") of each registered investment company Client and NexPoint Capital, Inc. (the "BDC") (each, a "Retail Fund") has adopted this Policy for purposes of valuing the portfolio securities of each Retail Fund.[2]

General Policy

Rule 206(4)-7 of the Advisers Act requires that a registered investment adviser implement written policies and procedures reasonably designed to prevent violation of the Advisers Act and any rules thereunder. The SEC has stated that, at a minimum, such policies and procedures should address the adviser's processes to value client securities and other holdings, and ensure that these processes are appropriate in view of the fact that the adviser receives compensation based on those valuations. Rule 38a-1 of the Investment Company Act requires that each registered investment company adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws by such company, including policies and procedures that provide for the oversight of compliance by each investment adviser of such company. The Company is committed to complying in all respects with all applicable law, including Rule 206(4)-7 and Rule 38a-1, and ensuring that its portfolio securities are valued in a fair and equitable manner. To that end, the Company has implemented this Policy to govern the method and frequency of valuing its Clients' portfolio securities. Under this Policy, the Company has adopted the following valuation guidelines, which are intended to provide for the fair and appropriate valuation of investments held in Client accounts.

Specific Valuation Guidelines

The following are the Company's guidelines for the valuation of various investments for which market quotations are readily available:

[2] This policy was most recently approved by the Board on March 1, 2019.

Exchange Listed Securities

In general, for each security listed or traded on a recognized securities exchange, the last reported sale price at the relevant valuation date on the principal exchange on which such security is traded (the "Primary Market") will be used.

For securities listed or traded on more than one recognized securities exchange, if there is no reported sale price on the relevant valuation date for such security on the Primary Market, the last reported sale price on the relevant valuation date on such other recognized securities exchange shall be used. If there are no such sales on such valuation date, the security will be valued based on pricing quotations from market makers or broker-dealers that trade actively in the security. Such quotations may be obtained directly from such sources or from independent pricing services that the Company has determined are able to provide appropriate pricing and, in respect of Retail Funds, that have been approved or ratified by the Board. Such securities shall be valued at the mean of the most recently quoted bid and ask prices provided on the valuation date. If there is more than one such source, the value shall be the average of such means, unless the investment analyst responsible for the particular security (the "Applicable Analyst")[3] reasonably determines that a source is unreliable, in which case such source shall be disregarded. Whenever a source is disregarded, such determination shall be documented in writing and, in the case of a Retail Fund, presented to the Board at the next regularly scheduled quarterly meeting.

OTC Securities

Securities traded over-the-counter will be valued based on the last reported sale price on the relevant valuation date. If there are no such reported sales, the security will be valued based on pricing quotations from market makers or broker-dealers that trade actively in the security. Such quotations may be obtained directly from such sources or from independent pricing services that the Company has determined are able to provide appropriate pricing and, in respect of Retail Funds, that have been approved or ratified by the Board. Such securities shall be valued at the mean between the most recent quoted bid and ask prices provided on the valuation date, to the extent available. If there is more than one such source, the value shall be the average of such means, unless the Applicable Analyst reasonably determines that a source is unreliable, in which case such source shall be disregarded. Whenever a source is disregarded, such determination shall be documented in writing and, in the case of a Retail Fund, presented to the Board at the next regularly scheduled quarterly meeting.

[3] In the case of any Retail Fund that is sub-advised, the "Applicable Analyst" shall refer throughout this Policy to the appropriate personnel of the sub-adviser. The Company shall be responsible for providing this Policy to each such sub-adviser, for communicating to the sub-adviser its responsibilities hereunder and for coordinating appropriately with such sub-adviser.

Loans

Loans will be valued based on market quotations reported by independent pricing services that the Company has determined are able to provide appropriate pricing and, in respect of Retail Funds, that have been approved or ratified by the Board or broker-dealers/counterparties that trade actively in the instrument, unless such quotations are unavailable, in which case the loan will be fair valued in accordance with the fair valuation procedures set forth below. Loans shall be valued at the mean bid and ask prices provided on the valuation date. If there is more than one such source, the value shall be the average of such means, unless the Applicable Analyst reasonably determines that a source is unreliable, in which case such source shall be disregarded. Whenever a source is disregarded, such determination shall be documented in writing and, in the case of a Retail Fund, presented to the Board at the next regularly scheduled quarterly meeting.

Other Instruments

Other instruments for which there are readily available reliable market quotations reported by an independent pricing service that the Company has determined is able to provide appropriate pricing and, in respect of Retail Funds, that have been approved or ratified by the Board or given by broker-dealers/counterparties that actively trade in the instrument shall be valued based on such market quotations. Otherwise, such instruments will be fair valued in accordance with the fair valuation procedures set forth below. Bid/ask quotations shall be valued at the mean bid and ask prices provided on the valuation date. If there is more than one such source, the value shall be the average of such means, unless the Applicable Analyst reasonably determines that a source is unreliable, in which case such source shall be disregarded. Whenever a source is disregarded, such determination shall be documented in writing and, in the case of a Retail Fund, presented to the Board at the next regularly scheduled quarterly meeting.

Price Challenges

Price challenges generally occur when, upon review of prices or quotations provided by an independent pricing service, the price of a security may appear to be out of line with the market based upon the Applicable Analyst's judgment and market experience or other relevant factors. It is not necessary for price differences to have a material impact in order to be challenged, although that may often be the case. After deciding to institute a price challenge, the Applicable Analyst will provide supporting documentation to the Valuation Department, which may then choose to engage the independent pricing service through that party's price challenge process, which generally requires that the Company provide trade or other market data (such as bid / ask quotations) to the independent pricing service to allow the service to re-evaluate the pricing of such security. There is no assurance that the price challenge will be successful, as the independent pricing services have no duty to use the information provided by the Company, and may, in fact, possess information from other sources that contradicts the Company's information and supports the independent pricing

service's evaluation. If the independent pricing service is unable or unwilling to change its valuation of the security at issue, the Applicable Analyst may recommend to the Valuation Department that the price be overridden. The Valuation Department shall then review the facts and circumstances and determine whether the Company will in fact override the price in question, if appropriate based on supporting documentation. Any such overrides shall be documented in writing by the Valuation Department and, for Retail Funds, shall be reported in writing to the Board at its next regularly scheduled quarterly meeting. To the extent that a price is obtained through a third party other than an independent pricing service, the Applicable Analyst who seeks to challenge the price may do so directly with that third party, provided that the Applicable Analyst has notified the Valuation Department of the challenge. In such cases, any pricing overrides will be handled in the manner described above. All challenges, whether successful or not, shall be reported to the Valuation Committee at its next regular meeting and, for Retail Funds, shall be reported in writing to the Board at its next regularly scheduled quarterly meeting. Although a portfolio manager or investment analyst may request that a price be challenged, under no circumstances may such personnel effect a pricing challenge, nor may an Applicable Analyst effect a pricing challenge, other than through the process described above. The Company shall retain a database or other record system tracking such challenges, including the results and the rationale for any pricing overrides, which shall be documented contemporaneously with the override decision.

Significant Events

Generally, if the Applicable Analyst responsible for a particular security determines that the market price of a security no longer represents the security's current value at the time of the portfolio's net asset value calculation because of an intervening "significant event," then such market price will no longer be deemed to be "readily available" and these valuation procedures will be followed to determine a fair value and such determination shall be documented in writing.

Significant events may be related to a single issuer, to a particular market sector, or to the entire market. These events may include:

(i) issuer-specific events, including: rating agency action, earnings announcements, corporate actions, regulatory actions, litigation and corporate announcements relating to products or services;

(ii) significant fluctuations in domestic or foreign markets;

(iii) natural disasters;

(iv) armed conflicts; and

(v) government actions.

The Applicable Analyst is responsible for monitoring information sources in order to evaluate whether a significant event has occurred that impacts a particular security for which such Applicable Analyst is responsible and that requires a fair valuation. This includes continuously monitoring market data, any press regarding companies whose securities are held in their portfolios and general news events.

When the Applicable Analyst believes that a significant event may have occurred, he or she shall notify the Valuation Department in writing so that the Valuation Department may determine whether a significant event that requires fair valuation has occurred and document its determination in writing.

Securities Priced by Independent Pricing Service

Securities without a sale price on the Primary Market or quotations from principal market makers on the relevant valuation date shall be priced by an independent pricing service that (i) the Valuation Committee determines generally is able to provide appropriate pricing and (ii) in respect of securities held by Retail Funds, is approved or ratified by the Board. The independent pricing services currently used by the Company on a regular basis and, for Retail Funds, that have been approved or ratified by the Board are included as Attachment A. Attachment A may be revised from time to time upon the approval or ratification by the Board of an independent pricing service. To the extent that prices obtained from an independent pricing service do not represent or are not based on market quotations, they will be treated as fair valued securities and subject to the fair valuation procedures described herein.

The Company shall require that the independent pricing service undertaking the valuation for the security:

(i) Be qualified to carry out a valuation, in the judgment of the Company and, for Retail Funds, the Board (relying, as appropriate, on recommendations and assessments provided by the Company); and

(ii) Be independent of the Company and have no conflict of interest that could reasonably be regarded as affecting that person's ability to give an unbiased opinion of the fair value of the securities in question.

Securities Priced by Broker/Dealer Quotations, Other Source

The Applicable Analyst shall monitor the pricing provided by an independent pricing service to ensure that appropriate action will be taken promptly when it is determined that such pricing is "stale" (i.e., is based on information not incorporating more recent market, issuer or other events that could impact the security's value) or otherwise does not represent fair value. If the Applicable Analyst determines that a price received from an independent pricing service is stale or otherwise does not represent fair value, the Applicable Analyst shall

notify the Valuation Department, which will document its determination in writing and will report to the Valuation Committee, and may use one or more quotations from a broker or dealer (including bids without size) ("Broker Quoted"), subject to the approval or ratification of the valuation by the Valuation Committee and, in the case of a Retail Fund, subject to approval or ratification by the Board at its next regularly scheduled quarterly meeting. Absent a Broker Quoted price, the Applicable Analyst shall follow the procedures for fair valued securities set out below, subject to the approval of the Valuation Committee and, in the case of a Retail Fund, subject to approval or ratification by the Board at its next regularly scheduled quarterly meeting.

In determining whether a price received from an independent pricing service does not represent fair value, the Valuation Department and/or the Applicable Analyst shall evaluate information, as available and as applicable, including: (1) the length of time since the independent pricing service last adjusted the price; (2) information obtained from brokers regarding relevant sales activity in, and/or bids for, the security; (3) information available from other independent pricing services; (4) news about the issuer, particularly news regarding events subsequent to the last adjustment in the independent pricing service's valuation; (5) the issuer's publicly available filings; (6) available valuation information regarding similar securities of the same issuer or a comparable company, such as the price and extent of public trading; and (7) any other relevant information. The basis for the fair value determination shall be documented in writing.

Fair Valued Securities

When to Fair Value

The Company seeks to fair value securities for which there is not a readily available market price or when the market price is determined by the Company to be unreliable in accordance with these procedures. When a readily available market quotation for a security exists and is determined to be reliable, the security shall not be fair valued. The Company recognizes fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on a given measurement date. Fair valuation may be required in a number of circumstances, including where:

(i) A trading suspension occurs;

(ii) The quote is stale based on the timing of the transaction and changes in credit conditions, interest rates and other market conditions during the intervening period;

(iii) The securities are not liquid or no market prices are available because the security is restricted or not actively traded;

(iv) The quote was part of a larger agreement between two parties and would have occurred at a different price if not for these other considerations;

(v) A "significant event" (as described above) has occurred;

(vi) Prices obtained from a pricing service regularly display unacceptable deviations from actual transactions;

(vii) The quote was provided under duress; or

(viii) Spreads between bid and ask prices are so large as to render them questionable.

Determining Fair Value

When fair valuation is appropriate for a security, the Company may determine that the fair value of a security is the value provided by a third-party valuation provider or it may internally fair value securities, in each case as further described below. Fair valuations of securities held by a Retail Fund must be submitted for approval or ratification by the Board at its next regularly scheduled quarterly meeting.

Use of Independent Pricing Service for Fair Valued Securities

The Company may, subject, in the case of a Retail Fund, to reporting to the Board at its next regularly scheduled quarterly meeting, engage an independent pricing service to provide a value for one or more securities for which market quotations are not readily available and may determine that the fair value of such securities is the value provided by such service. The Company will engage such independent pricing service in accordance with the guidelines set forth above. The Applicable Analyst's responsibilities for fair valuations performed by an independent pricing service include the following:

(i) Providing or making available to the independent pricing service any information that would be material for the service to consider in determining the proper valuation, such as financial statements, business plans, forecasts, budgets and board materials;

(ii) Monitoring and communicating to the independent pricing service (either directly or through the Valuation Department) current events that could impact the security's valuation;

(iii) Communicating to the Applicable Analyst's supervisor any pertinent information that may have a material impact on the fair valued security; and

(iv) Determining that the value provided by the independent pricing service represents the fair value of the security on the valuation date.

The Applicable Analyst shall provide to the Valuation Department any materials provided to any independent pricing service in connection with the responsibilities described above contemporaneously.

Use of Internally Developed Models for Fair Valued Securities

The Company may internally determine the fair value of securities for which market quotations are not readily available; for Retail Funds, such determination shall be made using a methodology approved or ratified by and subject to reporting to the Board at its next regularly scheduled quarterly meeting.

In determining the fair value of a security, the Applicable Analyst may consider a wide variety of inputs, including but not limited to:

(i) Analytical data;

(ii) The type of security;

(iii) The size of account holdings;

(iv) Transactional information or offers, including cost;

(v) Public trading in similar securities of the issuer or of comparable companies;

(vi) Pricing history;

(vii) The liquidity of the market for the security;

(viii) Changes in the financial health of the issuer or news of events affecting the issuer;

(ix) Market changes;

(x) The valuation of other securities of the issuer; and

(xi) Appraisals by third parties.

In determining the fair value of a security, the Valuation Committee may instruct the Applicable Analyst to use a number of methodologies, including those based on discounted cash flows, multiples, recovery rates, yield to maturity, discounts to public comparables, or other appropriate methodologies.

The Applicable Analyst's responsibilities for internally-developed models for fair valuations include the following:

(i) Determining fair value using methodologies described above;

(ii) Retaining documentation to support the calculation of the fair value of the security (which information may be, but is not required to be, included within the fair value model);

(iii) Providing or making available the model to the Valuation Department for review;

(iv) Making himself or herself available to the Valuation Committee, the Valuation Sub-Committee and individual Valuation Department members to discuss and clarify assumptions, inputs and methodologies incorporated into the valuation;

(v) Providing responses to questions from external auditors and regulators;

(vi) Evaluating the reasonableness of the valuation on any given valuation date; and

(vii) Communicating to the Applicable Analyst's supervisor any pertinent information that may have a material impact on the fair valued security.

The Valuation Department's responsibilities for internally developed models for fair valuations include the following:

(i) Reviewing all internally developed models for fair valuations following submission;

(ii) Identifying material changes in fair valuations including:

a. Significant changes in the valuation from the previous month;

b. Significant changes in the valuation from the previous three months;

c. New methodologies employed or changes to the methodologies employed;

d. Changes in subjective inputs that have a significant impact on the result of the valuation; and

e. Any deviations from these procedures;

(iii) For models identified in (ii), producing a listing of such models for review by the Valuation Sub-Committee; and

(iv) Producing materials to be reviewed by the Valuation Committee.

To the extent that the Applicable Analyst's supervisor has knowledge of information that would have a material impact on the fair valuation of the security, the supervisor has a duty to ensure that such information is incorporated by the Applicable Analyst.

Use of Subject Matter Experts to Derive Legal Outcome Probabilities

Subject matter experts, independent of the issuer, may be engaged to derive unobservable inputs utilized in fair value models such as probabilities of legal outcomes. These subject matter experts should generally provide their assessment in writing where practicable and absent material updates or legal opinions of outcome, the Valuation Department will generally seek monthly confirmation of such probabilities relied upon for fair value positions, with exceptions documented, unless those probabilities are unaffected by the passage of time.

Additional Policies and Procedures for Fair Valued Securities

Absent the occurrence of any significant event that materially impacts the value of the security, all new security purchases without a readily available market quotation are valued at cost from the time of purchase until the next Valuation Committee meeting. As reasonably determined to be appropriate by the Valuation Committee following the initial purchase, the Applicable Analyst may submit a suggested methodology for fair value pricing of the security to the Valuation Committee. If such methodology is approved by the Valuation Committee, it will be used until the next review date, absent a determination by the Applicable Analyst that the price determined using such methodology does not represent fair value. Should a significant event occur following an initial purchase or between meetings of the Valuation Committee, a special meeting of the Valuation Committee will be called to determine the appropriate valuation of the security in light of the significant event. The appropriateness of the fair value pricing methodology used for each security may be reviewed periodically by an independent valuation service, as determined necessary by the Valuation Committee. Any such review will be conditioned by materiality thresholds set forth by the Valuation Committee prior to such engagement.

The Applicable Analyst is responsible for monitoring developments affecting the issuers of fair valued securities and the markets for those securities to determine the continuing validity of the value. This includes continuously monitoring market data, any press regarding companies whose securities are held in their portfolios and general news events. When the Applicable Analyst believes that a material event has occurred with respect to such a security, he or she shall notify his or her supervisor and the Valuation Committee (or, by proxy, a member of the Valuation Department or Valuation Sub-Committee) so that the Valuation Committee may determine whether the method(s) used to determine the fair value should be adjusted. If the Valuation Committee determines that such an adjustment would not be material to a Fund's calculation of net asset value, the Valuation Committee may determine not to adjust the method(s) used to determine fair value.

Attachment B sets forth specific fair valuation processes applicable to the BDC. In the event of a conflict with respect to the BDC between the fair valuation policies and procedures set forth in the body of this Policy and those set forth in Attachment B, the latter shall govern with respect to the BDC.

Specific Methodologies

Shares, units, limited partnership interests and other interests of private investment partnerships, separate accounts, non-listed REITs or other pooled investment structures in which investments are made, other than CDOs, will generally be valued at the net asset value of that investment vehicle, less any applicable redemption or withdrawal charges customarily imposed by that entity.

For non-traded warrants on publicly traded stocks, the Company will utilize a Black-Scholes model for determining fair value. Unobservable inputs used in the model will be documented.

For any private equity investments held by a Retail Fund with respect to which the Company has initiated a pricing override as described under "Price Challenges" above, the Company shall, on behalf of such Retail Fund, engage an independent pricing service to value the security. To the extent that there is any delay in obtaining such third-party pricing, the Company may continue to utilize an internally-developed fair value model for pricing the instrument in the interim period, subject to the review and approval of the Valuation Committee and reporting to the Board at its next regularly-scheduled quarterly meeting. The Company shall request updated reports from the independent pricing service on at least a monthly basis, absent either new information during the month that would be expected to have a material impact on valuation (in which case the Company shall request an interim report) or new data that would render fair valuation unnecessary.

CLOs will be valued according to a number of key data points including, but not limited to, market trading levels, bid auctions, financial institution data, offering levels from counterparties/dealers and other sources, such as an independent pricing service.

Clients may hold certain securities for which value may be substantially derived from real estate, including buildings and raw land. To the extent that such securities are required to be fair valued, the following methodology will be applied.

(i) Generally, a third-party appraisal will be obtained from a licensed appraiser at least once per year, with any exceptions documented. For example, the Company may determine that an exception should apply if a third-party broker opinion of value is determined by the Company to be more appropriate than an appraisal for valuing the real estate related asset. In such circumstances, the rationale for using a broker opinion of value shall be documented in writing

and, in the case of a Retail Fund, presented to the Board of the Retail Fund at its next regularly scheduled quarterly meeting for approval or ratification.

(ii) If the appraisal or broker opinion of value indicates a range of prices, the mid-point will generally be used for the value, with any exceptions documented in writing. If there is more than one appraisal or broker opinion of value, the value shall be the average of such appraisals (or prices, as applicable), unless the Company reasonably believes that one or more of the appraisals or broker opinions of value is unreliable, in which case such appraisal(s) or broker opinion(s) of value shall be disregarded. Whenever a pricing source is disregarded, such determination shall be documented in writing and, in the case of a Retail Fund, presented to the Board of the Retail Fund at its next regularly scheduled quarterly meeting for approval or ratification.

(iii) The Applicable Analyst will have the responsibility for providing updates and the dissemination of any information that would be expected to have a material impact on valuation on any given valuation date.

General Policies

Currency

Client assets are valued in U.S. dollars and, except as otherwise determined by or at the direction of the Valuation Committee, (i) assets and liabilities denominated in currencies other than U.S. dollars are translated at the rates of exchange in effect at the date (and, for Retail Funds, as close as reasonably practicable to the time) of valuation (and exchange adjustments are recorded in the results of operations), and (ii) investment and trading transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

Leveling

The Company will adhere to the requirements of ASC 820 when performing leveling of assets held by Retail Funds.

Change in Fair Valuation Procedures or Methodologies

If the Valuation Committee reasonably determines that a procedure or methodology other than those set forth in this Policy would more accurately reflect the fair value of one or more portfolio securities and if, in the aggregate, the value of such securities is not material to such Client, then the Company may use such procedure or methodology, provided that, in the case of a Retail Fund, any such determination and the basis for such determination shall be documented in writing and submitted to the Board for ratification at its next regularly scheduled quarterly meeting.

Board Reporting for Retail Funds

The Company shall present the Board with the following reports and shall request the following approvals or ratifications, as applicable, in respect of each Retail Fund:

Report	**Frequency**
A report indicating the current valuation and methodology for determining such valuation for each fair valued security and the dollar amount and percentage of any changes in valuation since the prior Board report in respect of such security. Such fair valuations shall be subject to Board approval or ratification and, to the extent the methodology is not set forth in this Policy or has not otherwise previously been approved or ratified by the Board, the methodology shall also be subject to Board approval or ratification.	Quarterly
A report noting any change in a previously reported fair valuation methodology since the last regularly scheduled quarterly Board meeting and the reason for such change.	Quarterly
A report documenting any pricing challenges or overrides that have been made since the last regularly scheduled quarterly Board meeting.	Quarterly
A report documenting any pricing sources that have been disregarded.	Quarterly
Copies of minutes from Valuation Committee meetings and copies of the pricing packets provided to the Valuation Committee.	Quarterly
Requests for the Board to approve or ratify any independent pricing service that the Company has determined is able to provide appropriate pricing.	As needed
Recommended changes to this Policy.	As needed
A written report on any changes in the composition of the Valuation Committee.	Quarterly, as needed

A report documenting any trades of fair valued securities determined by the Valuation Committee to be "non-orderly"	Quarterly, as needed
Such other information as the Board may from time to time request, including such supporting documentation as the Company is able to obtain from independent pricing services using good faith reasonable efforts.	As requested

Responsibilities

Valuation Committee

In order to assist with the determination of fair value, the Company has appointed a Valuation Committee consisting of such personnel of the Company as may be designated by the Company from time to time including, among others, the Chief Financial Officer, the head of the Valuation Department, one or more Senior Traders, one or more fund managers and one or more Senior Finance Professionals. The retail and institutional CCOs serve on the Committee as non-voting members. The Board has delegated to the Valuation Committee authority to determine the fair value of securities held by a Retail Fund for which market quotations are not readily available, subject to this Policy and the oversight of the Board. As noted above, the Company shall report in writing to the Board at its next regularly scheduled quarterly meeting regarding any changes in the composition of the Valuation Committee.

Valuation Committee Meetings

The Valuation Committee shall meet on (a) any day when a significant event may require fair valuation and (b) as necessary and at least once per month to approve the pricing methodology for any fair valued securities. The approval of a majority of the voting members of the Valuation Committee who are present at a meeting for which there is a quorum is required to approve any matter submitted for approval. Voting quorum is achieved when at least five voting members and the Retail Funds' CCO (or his designee) is in attendance.

Valuation Sub-Committee

In order to strengthen the review and oversight of internally developed models for fair valued securities, the Company has formed a Valuation Sub-Committee composed of the Chief Financial Officer, the head of the Valuation Department, all other Valuation Department members and one or more representatives from the Compliance Department.

Valuation Sub-Committee Meetings

The Valuation Sub-Committee shall meet at least once per month: (i) as appropriate, to perform a documented review and discuss fair valued securities that have been identified

as having material changes in fair valuations or securities that the Valuation Department or the Compliance Department deem pertinent for any reason and (ii) to make final decisions on which securities, in addition to those required to be presented to the Valuation Committee pursuant to these procedures, should be presented to the Valuation Committee.

Valuation Sub-Committee Member Responsibilities

It is the Valuation Department's responsibility to generate a listing of internally developed models for fair-valued securities for the Valuation Sub-Committee to review. The Compliance Department is responsible for adding any relevant insight to the positions discussed, for bringing to the attention of the Valuation Department any information known to the Compliance Department that may be relevant to valuation, including information relating to positions not otherwise scheduled for discussion by the Valuation Sub-Committee, and for providing general oversight over the Valuation Department.

Valuation Department

The Valuation Department is composed of one or more investment analysts who report directly to the head of the Company's Valuation Department.

Files and Records

The Company will maintain written evidence for all prices authorized by the Valuation Committee. Documentation consists of:

(i) copies of quotes obtained;

(ii) a fair valuation summary template prepared by the Applicable Analyst(s); and

(iii) as applicable, third party valuation reports.

A member of the Compliance Department will prepare and the Company will retain in its records minutes of the Valuation Committee meetings documenting all determinations made and an attendance sheet signed by all Committee members present at the meeting.

For Retail Funds, the minutes of each Board meeting shall reflect any report given pursuant to these procedures. Valuation Committee meeting minutes will be provided to the Board on a quarterly basis.

Relevant available documentation and information supporting valuations pursuant to the fair valuation procedures or Broker Quoted securities described above shall be maintained by the Company with the Retail Fund's records for at least six years, the first two years in an easily accessible place.

Attachment A

LIST OF PRICING SERVICES

Independent Pricing Service	Instrument Type
Primary: Markit	Loans
Primary: Interactive Data Corp. Secondary: Bloomberg	Bonds
Primary: Thomson Reuters Secondary: Interactive Data Corp., Bloomberg	Equities; CLOs (Debt and Equity)
Primary: Houlihan Lokey	Private Equity; securities held by the BDC

Attachment B

Procedures for NexPoint Capital, Inc.

Fair Valuation

With respect to investments for which market quotations are not readily available, NexPoint Advisors, L.P. ("NexPoint") shall undertake a multi-step valuation process at the end of each fiscal quarter for NexPoint Capital, Inc. (the "BDC"), as described below:

- The Applicable Analyst will fair value all portfolio investments of the BDC each quarter;
- Senior management of the BDC and NexPoint will discuss and document preliminary valuation conclusions and the models and key assumptions used to determine such preliminary valuations;
- NexPoint will present those preliminary valuations and the models and key assumptions used to determine such preliminary valuations to the Board or its audit committee for review;
- At least once each quarter, the valuations for approximately one quarter of the portfolio investments that have been fair valued are reviewed by an independent valuation firm such that, over the course of a year, each material portfolio investment that has been fair valued shall have been reviewed by an independent valuation firm at least once; and
- The Board will either approve the preliminary valuation or will otherwise determine in good faith the fair value of each portfolio investment for which market quotations are not readily available.

POLICY REGARDING DISASTER RECOVERY, BUSINESS CONTINUITY AND CYBERSECURITY

Purposes and Scope

The purpose of this policy regarding business continuity (this "Policy") is to ensure that the Company has implemented policies and procedures that are reasonably designed to mitigate cybersecurity threats and the effects of a short-or long-term material interruption of the Company's business operations. This Policy provides guidance with respect to: (i) what constitutes a material cybersecurity threat; (ii) procedures for protecting systems integrity and walls; (iii) detecting cybersecurity issues; (iv) responding to any cybersecurity issues that may occur; (v) what constitutes a material interruption of business operations; (vi) procedures to be followed in planning for, or after the occurrence of, such an interruption; and (viii) assigning responsibility for implementing the Company's recovery plans after the occurrence of such an interruption.

General Policy

The Company has established a written disaster recovery, business continuity and cybersecurity plan for the Company's business (the "Plan"). This will allow the Company to meet its duties to Clients as a fiduciary in managing Client assets, among other things, should any disaster, significant business disruption or cybersecurity threat occur. It also allows the Company to meet its regulatory requirements in the event of any kind of disaster, such as a bombing, fire, flood, earthquake, power failure or any other event that may limit or disable the Company's operations or prevent access to its office(s). To that end, the Company has adopted this Policy to provide for: (i) procedures for protecting systems and detecting cybersecurity issues; (ii) the rapid recovery and timely resumption of critical operations following a cybersecurity breach or the interruption of key infrastructure or internal components, or the inaccessibility of staff at the Company's office(s); (iii) the rapid recovery and timely resumption of critical operations following a wide scale disruption; and (iv) robust testing to ensure that critical internal and external continuity arrangements are effective and compatible.

The current version of the Company's policy regarding Disaster Recovery and Business Continuity is separately maintained by the head of the Firm's IT Department.

POLICY REGARDING REGULATORY FILINGS AND CERTAIN PUBLIC DISCLOSURES

Purpose and Scope

The purpose of this policy regarding the documentation and completion of regulatory filings (this "Policy") is to ensure the Company complies with its state and federal regulatory filing obligations and performs filings in an accurate and timely manner. This Policy provides guidance to all Company personnel regarding the Company's regulatory filing program, and articulates the monitoring standards pursuant to which such filings will be made. Additionally, this Policy sets forth minimum standards for documenting and completing such filings.

General Policy

As a registered investment adviser, the Company is required to make certain regulatory filings on a state and federal level. In some cases, the impose an ongoing obligation to maintain accurate filings thereby requiring the Company to update such filing when the Company experiences a material change to its business, organizational structure, ownership interest, or such other event.

The Company invests in the public securities markets through investments in the equities of publicly traded issuers. From time to time the Company may acquire shares of such issuers that, in aggregate, equal or exceed 5% of the issuers total outstanding shares such voting securities. In these situations, the SEC pursuant to Section 13 and Section 16 of the Exchange Act, require the Adviser to file forms with them at times they outline in the Acts.

ADV Filings

As a registered investment adviser, the Company is required to file a Uniform Application for Investment Adviser Registration on Form ADV ("Form ADV") with the SEC. This document consists of two parts – Part 1A, which contains certain information about the Company's business and is available for review by the SEC and applicable state regulatory authorities; Part 2 contains information regarding the advisory services, provided by the Company and is required to be provided to the Company's advisory Clients.

SEC rules require advisers to file an annual amendment to its Form ADV within 90 days of the end of the Company's fiscal year. The Company will complete the annual updating amendment within 90 days of the Company's fiscal year, which ends December 31st. The Company will amend its Form ADV promptly by filing additional amendments if:

(i) information provided in response to Items 1, 3, 9, or 11 of Part 1A or Items 1, 2.A. through 2.F., or 2.I. of Part 1B become inaccurate in any way;

(ii) information provided in response to Items 4, 8, or 10 of Part 1A; or

(iii) information provided in the Company's Part 2A becomes materially inaccurate.

The Company's Form ADV will be updated periodically as necessary and reviewed at least annually by the Chief Compliance Officer.

If any employee becomes aware of possible inaccuracies in the information contained within the Company's Form ADV at any time, the employee should notify the Chief Compliance Officer or a member of the Legal and Compliance Department immediately.

The Form ADV Brochure Rule

Generally

Rule 204-3 under the Advisers Act requires the Company to provide a written disclosure statement to its Clients and prospective Clients. The disclosure statement must contain certain information, including:

(i) the kinds of advisory services the Company provides;

(ii) disclosure of certain practices of the Company, including any practices that may give rise to any potential conflicts of interest;

(iii) the kinds of Clients served by the Company;

(iv) the methods of securities analysis used by the Company;

(v) the fees charged by the Company; and

(vi) a description of any general standards concerning education and business background that the Company requires of its employees and principals, and a description of the specific educational and business background of certain of the Company's principals and employees.

Under Rule 204-3, the disclosure statement can be either a copy of Part 2A of the Company's current Form ADV or a separate document containing at least the information required by Part 2A. The Company will provide a copy of Part 2A of its Form ADV to its Clients as specified below.

Initial Delivery

The Company will deliver Part 2A and Part 2B of its Form ADV to a new Client before or at the time the Company enters into the contract.

Annual Delivery

The Company must annually deliver a copy of its ADV Part 2A, without charge, or deliver a summary of material changes to ADV Part 2A along with an offer to deliver the complete ADV Part 2A without charge and an email address, web site address and telephone number at which the ADV 2A may be requested to each of its advisory Clients.

Books and Records Requirement

The Company is required to maintain in its main office copies of Part 2 of its Form ADV as delivered to Clients for two years from the date of delivery and three additional years in an easily accessible place. The Company will maintain copies of the ADV together with documentation of written requests and evidence of delivery of the document to the Client.

Disciplinary Events

The Company is required to disclose all material facts relating to a legal or disciplinary event that is material to a Client's of the Company's integrity or ability to meet its contractual commitments in its Form ADV Part 2. The following are examples of the types of disciplinary information that the SEC believes are material for a period of 10 years from the time of the event and that the Company and its employees must disclose, unless the event was resolved in the Company's or management person's favor or subsequently reversed, suspended or vacated.

Court Proceedings

A criminal or civil action in which the Company or a management person (as defined in the glossary to Form ADV): (i) was permanently or temporarily enjoined from, or otherwise limited from, engaging in investment-related activities; (ii) was found to have been involved in violation of investment-related statutes or regulations; or (iii) was convicted or pled guilty or nolo contendere to a felony or misdemeanor, or is the named subject of a pending criminal action, in each case involving an investment-related business, fraud, false statements or omissions, wrongful taking of property, or bribery, forgery, counterfeiting or extortion.

State/Federal Regulatory Proceedings

An administrative proceeding in which the Company or a management person was found to have caused an investment-related business to lose its authorization to do business or was found to have been involved in a violation of an investment related statute or regulation and was subject to an order denying, suspending, or revoking the authorization of

the Company or management person to act in, or barring or suspending the Company's management person's association with an investment related business, or otherwise significantly limiting the Company's or management person's investment related activities.

SRO Proceedings

A proceeding by an SRO (self-regulatory organization) in which the Company or a management person of the Company was found to have caused an investment-related business to lose its authorization to do business or was found to have violated the SRO's rules and was the subject of an order by the SRO barring, or suspending, or expelling the Company or management person from the SRO or from association with other members, or expelling the Company or management person form the SRO, fining the Company or management person a fine in excess of $2,500 or otherwise significantly limiting the Company's management person's investment related activities.

Manner and Timing of Disclosure

If the Company is subject to a disciplinary event that is required to be disclosed in Form ADV, the Company will be required to amend and promptly redistribute its Form ADV Part 2A brochure and applicable Part 2B brochure supplements. The Chief Compliance Officer will determine if any other disclosure should be made and the method by which it will be made.

An employee must advise the Chief Compliance Officer immediately if he or she becomes involved in or is threatened with litigation or an administrative investigation or proceeding of any kind, is subject to any judgment, order or arrest, or is contacted by any regulatory authority. In addition, the Company conducts a thorough background check on all new employees to determine whether there are any such events required to be disclosed.

Federal and State Regulatory Filings

It is the responsibility of the Chief Compliance Officer to ensure the timely filing and updating of all required regulatory filings. The Company has procedures in place to ensure all of the following required regulatory filings are made within the given timeframes.

Form ADV

The Company will at least annually amend its Form ADV as discussed above, and file Part 1 and 2A with the SEC within 90 days of year-end.

Form PF

The Dodd-Frank Act established the Financial Stability Oversight Council (FSOC) whose task includes monitoring systematic risk in the U.S. financial system. The form PF

was adopted on October 26, 2011 and assists the FSCO with this analysis. Filing thresholds of private fund types determine reporting frequency, which is at least annually.

Rule 13H

Section 13(h) of the Exchange Act of 1934, as amended (the "1934 Act"), requires certain "large traders" to provide certain information regarding their trading activities to the SEC. A "large trader" is defined as a person whose transactions in exchange-listed securities equal or exceed 2 million shares or $20 million during any calendar day, or 20 million shares or $200 million during any calendar month. All "large traders" must file a Form 13H with the SEC and will be assigned a Large Trader Id ("LTID"). The Company currently qualifies as a "large trader" and has obtained a LTID.

The Company must provide the LTID to executing brokers so the broker can track all transactions attributable to the large trader and report such transactions to the SEC. Rule 13h-1(b)(1) requires that all "large traders" file an annual filing within 45 days after the end of each full calendar year. If any of the information becomes inaccurate for any reason, a large trader must file an amended filing promptly following the end of the calendar quarter.

The CCO or compliance designee is responsible for filing the annual filing and amended filings, if applicable, with the SEC.

CFTC Exemption

On an annual basis the Company files with the NFA all notices of exclusion or exemption from the Commodity Futures Trading Commission's (CFTC) Part 4 requirements. Where applicable, Advisor and Client level exposures are reviewed and notices of exemption or inclusion are filed pursuant to Regulations such as 4.5, 4.13, or 4.14.

Section 13 Filings

Schedule 13D

Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), generally requires a beneficial owner of more than 5 percent of a class of equity securities registered under the 1934 Act (i.e., equity securities of publicly traded companies) to file a Schedule 13D within ten days of the transaction resulting in beneficial ownership exceeding 5 percent. "Beneficial ownership" is defined broadly, and an investment adviser may be deemed to be the beneficial owner of shares held in Client accounts (and shares held in proprietary Client accounts) if it has or shares either of the following:

(i) Voting power, which includes the power to vote or direct the voting of the shares; or

(ii) Investment power, which includes the power to dispose or direct the disposition of such security.

An amended Schedule 13D must be filed promptly if there are any material changes to the disclosures set forth in the Schedule 13D, including, without limitation, any acquisition or disposition of securities in an amount equal to one percent or more of the class of outstanding securities.

Any acquisitions of securities that may require a Schedule 13D filing should be brought to the attention of the Chief Compliance Officer.

Schedule 13G

In general, a registered investment adviser may file a Schedule 13G instead of a Schedule 13D when its beneficial ownership exceeds 5 percent of a class of outstanding registered equity securities and it holds the securities in the ordinary course of its business and passively (i.e., without the purpose of changing or influencing control of the issuer). Schedule 13G generally must be filed with the SEC within forty-five days after the end of the calendar year if, as of calendar year end the registered investment adviser's beneficial ownership exceeded the 5 percent threshold; provided, however, that if the required investment adviser's beneficial ownership exceeds 10 percent as of any month end, the Schedule 13G must be filed within 10 days after such month end. In addition, a registered investment adviser choosing to file Schedule 13G must notify any person (e.g., a Client) on whose behalf it holds, on a discretionary basis, over 5 percent of a class of outstanding equity securities of any transaction or acquisition that the other person may have to report.

Amendments to Schedule 13G generally are required within forty-five days after the end of the calendar year to report any changes (whether or not material) to the disclosures set forth in the Schedule 13G. In addition, amendments are required within 10 days after the end of the first month in which the investment adviser's beneficial ownership exceeds 10 percent as of month end and, for any Schedule 13Gs reporting beneficial ownership in excess of 10 percent, amendments are required within 10 days of the end the first month in which the investment adviser's beneficial ownership increases or decreases by more than 5 percent of the outstanding securities in the class.

If a registered investment adviser no longer holds the securities passively (i.e., the registered investment adviser holds the securities with the purpose of changing or influencing control of the issuer), the registered investment adviser must file a Schedule 13D within 10 calendar days of the change in investment purpose.

Form 13F

In general, Section 13(f) of the 1934 Act and the rules adopted to implement it require institutional investment managers with investment discretion over $100 million or more in

Section 13(f) securities (which generally include equity securities, debt securities and options) traded included on official Securities List published quarterly by the SEC, to file quarterly reports with the SEC on Form 13F within forty-five days of the end of each calendar quarter.

Section 16 Filings

Persons who are directors, officers or directly or indirectly the beneficial owners of more than 10% of any class of equity securities registered under Section 12 of the 1934 Act are generally required to file reports with the SEC under Section 16 of the 1934 Act ("Section 16"). In addition, generally the directors and officers of each Fund that is a registered closed-end company or a business development company are subject to Section 16 filing requirements with respect to the Fund. The Company and certain of its affiliated persons (as defined in the 1940 Act) (e.g., its officers), as investment adviser to a Fund that is a registered closed-end company or a business development company, may also be subject to these filing requirements.

The Compliance Department maintains or causes to be maintained a current list of Company employees subject to the filing requirements of Section 16 ("Reporting Persons").

Form 3

When a person becomes a Reporting Person, such Reporting Person must file a Form 3 with the SEC within 10 days after the event by which the person became a Reporting Person. The Legal and Compliance Department will generally prepare and file all Form 3s for the Company and any of its officers that become Reporting Persons, unless the person informs the Chief Compliance Officer that he will undertake to perform the filing and the Chief Compliance Officer permits such person to perform the filing.

Form 4

If a Reporting Person makes any purchases or sales of securities of an issuer for which the Reporting Person is subject to Section 16, or there is otherwise an event required to be reported on Form 4, the Legal and Compliance Department shall report the transaction on Form 4 and file it with the SEC within two business days following the date of the transaction. For Company employees, upon providing pre-clearance to purchase or sell securities, the Chief Compliance Officer will check the status of the person as a Reporting Person with respect to the securities at issue and notify such person if the transaction is subject to Section 16 reporting requirements.

Form 5

The Legal and Compliance Department is also responsible for the filing of any Form 5, which is used to report Section 16 exempt transactions and other transactions not previously reported on a Form 3 or Form 4. A Form 5 must be filed within 45 days after the end of the fiscal year in which such transaction took place.

Private Fund Filings

Federal Rule 506 Form D Filing

When offering fund interest in a private fund, private funds generally rely upon the "safe harbor" of Rule 506 under Regulation D of the Securities Act of 1933 (the "Securities Act") to ensure reliance on the Securities Act's Section 4(2) private offering exemption from securities registration. Pursuant to Rule 506, a Notice of Sale of Securities on Form D (a "Notice Filing") should be filed electronically with the Securities and Exchange Commission within 15 days after the first sale to any investor by a U.S. fund or within 15 days after the first sale to a U.S. investor by an offshore fund. Form D filings must also be amended at least annually and as soon as practical upon discovery of a mistake or error in a previously filed form, and to reflect certain changes in the information included in the most recent filing.

The Legal and Compliance Department works closely with the Marketing and Business Development Department to ensure all Rule 506 Form D Filing Requirements are completed in a timely manner. A representative from the Marketing and Business Development Department will be responsible for notifying the Chief Compliance Officer prior to or immediately after a first sale or closing date for a newly formed private fund. The Chief Compliance Officer, or his/her designee, will prepare and/or coordinate with the respective funds' outside counsel all required Rule 506 Filings on behalf of the funds.

State Blue Sky Notice Filings

Each state has its own Blue Sky laws and exemptions from registration of private fund interests offered under the exemption of Rule 506, and may impose "notice filing requirements that are substantially similar to those required by Rule 506." It is the Company's policy to make Notice Filings in most states in which a private fund's investors reside in accordance with the Blue Sky laws of those states.

The Legal and Compliance Department works closely with the Marketing and Business Development Department and to ensure all Blue Sky Filing requirements are completed in a timely manner. A representative from the Marketing and Business Development Department is responsible for notifying the Chief Compliance Officer or his/or her designee prior to, or immediately after, and, in some cases, before of sales or the closing period for a private fund. The Chief Compliance Officer, or his /her designee, will prepare and/or coordinate with the respective funds' outside counsel all Blue Sky Notice Filings on behalf of the funds.

Hart-Scott-Rodino Antitrust Improvements Act of 1976

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), is a federal antitrust statute that requires parties to certain mergers or acquisitions of voting securities and/or assets to (i) file written notification with the Antitrust Division of the

U.S. Department of Justice and the Federal Trade Commission and (ii) observe a 30-day waiting period prior to consummating the merger or acquisition.

The notification and waiting period requirements of the HSR Act apply to any merger or acquisition of voting securities and/or assets that would exceed certain notification thresholds established by the HSR Act including, but not limited to, (i) open market purchases of voting securities, (ii) acquisitions of voting securities and/or assets in connection with reorganizations (whether pursuant to bankruptcy proceedings or otherwise), (iii) conversions of debt or equity securities, and (iv) exercises of options and warrants. Acquisitions of voting securities and/or assets by the Company and its affiliates generally must be aggregated for purposes of determining whether such acquisitions would exceed the notification thresholds established by the HSR Act.

The Chief Compliance Officer, with the assistance of legal counsel, will prepare all required filings or any written notification on behalf of the Company and its affiliates that is required by the HSR Act. In addition, the Chief Compliance Officer has developed policies and procedures that are designed to ensure that the Company and its affiliates maintain compliance with the HSR Act.

Any proposed acquisition of voting securities and/or assets that may be subject to the notification and waiting period requirements of the HSR must be brought to the attention of the Chief Compliance Officer, his/her designee, or a member of HCMLP's Legal Department immediately.

Rule 144

The Securities Act of 1933, as amended (the "1933 Act"), requires that offers and sales of securities must be registered with the SEC unless an exemption from such registration is available. Rule 144 under the 1933 Act ("Rule 144") generally provides a safe harbor from the registration requirements of the 1933 Act for offers and sales of securities that are made in compliance with all of the provisions of Rule 144, including the holding period, current public information, volume limitation, manner of sale and filing requirements of Rule 144.

The Company and its affiliates would generally be required to comply with Rule 144 in connection with any offer or sale of securities of an issuer if (i) the Company and/or its affiliates hold 10% or more of any class of outstanding securities of the issuer, (ii) any affiliate of the Company serves as an officer or director of the issuer or (iii) the securities to be offered or sold by the Company and/or its affiliates were acquired from the issuer or an affiliate of the issuer.

Any proposed offer or sale of securities that may be subject to Rule 144 must be brought to the attention of the Chief Compliance Officer or a member of the Legal and Compliance Department immediately.

POLICY REGARDING PROXY VOTING

Purpose and Scope

The purpose of these voting policies and procedures (the "Policy") is to set forth the principles and procedures by which HCMLP (the "Company") votes or gives consents with respect to the securities owned by Clients for which the Company exercises voting authority and discretion.[4] For avoidance of doubt, this includes any proxy and any shareholder vote or consent, including a vote or consent for a private company or other issuer that does not involve a proxy. These policies and procedures have been designed to help ensure that votes are cast in the best interests of Clients in accordance with the Company's fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940 (the "Advisers Act").

This Policy applies to securities held in all Client accounts (including Retail Funds and other pooled investment vehicles) as to which the Company has explicit or implicit voting authority. Implicit voting authority exists where the Company's voting authority is implied by a general delegation of investment authority without reservation of proxy voting authority to the Client.

If the Company has delegated voting authority to an investment sub-adviser with respect to any Retail Fund, such sub-adviser will be responsible for voting all proxies for such Retail Funds in accordance with the sub-adviser's proxy voting policies. The Compliance Department, to provide oversight over the proxy voting by sub-advisers and to ensure that votes are executed in the best interests of the Retail Funds, shall (i) review the proxy voting policies and procedures of each Retail Fund sub-adviser to confirm that they comply with Rule 206(4)-6, both upon engagement of the sub-adviser and upon any material change to the sub-adviser's proxy voting policies and procedures, and (ii) require each such sub-adviser to provide quarterly certifications that all proxies were voted pursuant to the sub-adviser's policies and procedures or to describe any inconsistent votes.

General Principles

The Company and its affiliates engage in a broad range of activities, including investment activities for their own accounts and for the accounts of various Clients and providing investment advisory and other services to Clients. In the ordinary course of conducting the Company's activities, the interests of a Client may conflict with the interests of the Company, other Clients and/or the Company's affiliates and their clients. Any conflicts of interest relating to the voting of proxies, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures. The guiding principle by which the Company votes all proxies is to vote in the best interests of each Client by maximizing

[4] In any case where a Client has instructed the Company to vote in a particular manner on the Client's behalf, those instructions will govern in lieu of parameters set forth in the Policy.

the economic value of the relevant Client's holdings, taking into account the relevant Client's investment horizon, the contractual obligations under the relevant advisory agreements or comparable documents and all other relevant facts and circumstances at the time of the vote. The Company does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

Voting Procedures

Third-Party Proxy Advisors

The Company may engage a third-party proxy advisor ("Proxy Advisor") to provide proxy voting recommendations with respect to Client proxies. Proxy Advisor voting recommendation guidelines are generally designed to increase investors' potential financial gain. When considering whether to retain or continue retaining any particular Proxy Advisor, the Compliance Department will ascertain, among other things, whether the Proxy Advisor has the capacity and competency to adequately analyze proxy issues. In this regard, the Compliance Department will consider, among other things: the adequacy and quality of the Proxy Advisor's staffing and personnel; the robustness of its policies and procedures regarding its ability to (a) ensure that its proxy voting recommendations are based on current and accurate information and (b) identify and address any conflicts of interest and any other considerations that the Compliance Department determines would be appropriate in considering the nature and quality of the services provided by the Proxy Advisor. To identify and address any conflicts that may arise on the part of the Proxy Advisor, the Compliance Department will ensure that the Proxy Advisor notifies the Compliance Department of any relevant business changes or changes to its policies and procedures regarding conflicts.

Third-Party Proxy Voting Services

The Company may utilize a third-party proxy voting service ("Proxy Voting Service") to monitor holdings in Client accounts for purposes of determining whether there are upcoming shareholder meetings or similar corporate actions and to execute Client proxies on behalf of the Company pursuant to the Company's instructions, which shall be given in a manner consistent with this Policy. The Compliance Department will oversee each Proxy Voting Service to ensure that proxies have been voted in a manner consistent with the Company's instructions.

Monitoring

Subject to the procedures regarding Nonstandard Proxy Notices described below, the Compliance Department of the Company shall have responsibility for monitoring Client accounts for proxy notices. Except as detailed below, if proxy notices are received by other employees of the Company, such employees must promptly forward all proxy or other voting materials to the Compliance Department.

Portfolio Manager Review and Instruction

From time to time, the settlement group of the Company may receive nonstandard proxy notices, regarding matters including, but not limited to, proposals regarding corporate actions or amendments ("Nonstandard Proxy Notices") with respect to securities held by Clients. Upon receipt of a Nonstandard Proxy Notice, a member of the settlement group (the "Settlement Designee") shall send an email notification containing all relevant information to the Portfolio Manager(s) with responsibility for the security and *investments@hcmlp.com*. Generally, the relevant Portfolio Manager(s) shall deliver voting instructions for Nonstandard Proxy Notices by replying to the email notice sent to the Portfolio Manager(s) and *investments@hcmlp.com* by the Settlement Designee or by sending voting instructions to *corporateactions@hcmlp.com and copying compliance@hcmlp.com*. Any conflicts for Nonstandard Proxy Notices should also be disclosed to the Compliance Department. In the event a Portfolio Manager orally conveys voting instructions to the Settlement Designee or any other member of the Company's settlement group, that Settlement Designee or member of the Company's settlement group shall respond to the original notice email sent to investments@hcmlp.com detailing the Portfolio Manager(s) voting instructions.

With regard to standard proxy notices, on a weekly basis, the Compliance Department will send a notice of upcoming proxy votes related to securities held by Clients and the corresponding voting recommendations of the Proxy Advisor to the relevant Portfolio Manager(s). Upon receipt of a proxy notice from the Compliance Department, the Portfolio Manager(s) will review and evaluate the upcoming votes and recommendations. The Portfolio Managers may rely on any information and/or research available to him or her and may, in his or her discretion, meet with members of an issuer's management to discuss matters of importance to the relevant Clients and their economic interests. Should the Portfolio Manager determine that deviating from the Proxy Advisor's recommendation is in a Client's best interest, the Portfolio Manager shall communicate his or her voting instructions to the Compliance Department.

In the event that more than one Portfolio Manager is responsible for making a particular voting decision and such Portfolio Managers are unable to arrive at an agreement as to how to vote with respect to a particular proposal, they should consult with the applicable Chief Compliance Officer (the "CCO") for guidance.

Voting

Upon receipt of the relevant Portfolio Managers' voting instructions, if any, the Compliance Department will communicate the instructions to the Proxy Voting Service to execute the proxy votes.

Non-Votes

It is the general policy of the Company to vote or give consent on all matters presented to security holders in any vote, and these policies and procedures have been designated with that in mind. However, the Company reserves the right to abstain on any particular vote if, in the judgment of the CCO, or the relevant Portfolio Manager, the effect on the relevant Client's economic interests or the value of the portfolio holding is insignificant in relation to the Client's portfolio, if the costs associated with voting in any particular instance outweigh the benefits to the relevant Clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Clients not to vote. Such determination may apply in respect of all Client holdings of the securities or only certain specified Clients, as the Company deems appropriate under the circumstances. As examples, a Portfolio Manager may determine: (a) not to recall securities on loan if, in his or her judgment, the matters being voted upon are not material events affecting the securities and the negative consequences to Clients of disrupting the securities lending program would outweigh the benefits of voting in the particular instance or (b) not to vote proxies relating to certain foreign securities if, in his or her judgment, the expense and administrative inconvenience outweighs the benefits to Clients of voting the securities.

Conflicts of Interest

The Company's Compliance Department is responsible for monitoring voting decisions for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions contrary to the recommendation of a Proxy Advisor require a mandatory conflicts of interest review by the Compliance Department, which will include a consideration of whether the Company or any Portfolio Manager or other person recommending or providing input on how to vote has an interest in the vote that may present a conflict of interest.

In addition, all Company investment professionals are expected to perform their tasks relating to the voting of proxies in accordance with the principles set forth above, according the first priority to the best interest of the relevant Clients. If at any time a Portfolio Manager or any other investment professional becomes aware of a potential or actual conflict of interest regarding any particular voting decision, he or she must contact the Compliance Department promptly and, if in connection with a proxy that has yet to be voted, prior to such vote. If any investment professional is pressured or lobbied, whether from inside or outside the Company, with respect to any particular voting decision, he or she should contact the Compliance Department promptly. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the relevant Clients.

In the event of a conflict, the Company may choose to address such conflict by: (i) voting in accordance with the Proxy Advisor's recommendation; (ii) the CCO determining how to vote the proxy (if the CCO approves deviation from the Proxy Advisor's recommendation, then the CCO shall document the rationale for the vote); (iii) "echo voting"

or "mirror voting" the proxy in the same proportion as the votes of other proxy holders that are not Clients; or (iv) with respect to Clients other than Retail Funds, notifying the affected Client of the material conflict of interest and seeking a waiver of the conflict or obtaining such Client's voting instructions. Where the Compliance Department deems appropriate, third parties may be used to help resolve conflicts. In this regard, the CCO or his or her delegate shall have the power to retain fiduciaries, consultants or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Where a conflict of interest arises with respect to a voting decision for a Retail Fund, the Company shall disclose the conflict and the rationale for the vote taken to the Retail Fund's Board of Directors/Trustees at the next regularly scheduled quarterly meeting. The Compliance Department will maintain a log documenting the basis for the decision and will furnish the log to the Board of Trustees.

Material Conflicts of Interest

The following relationships or circumstances are examples of situations that may give rise to a material conflict of interest for purposes of this Policy. This list is not exclusive or determinative; any potential conflict (including payments of the types described below but less than the specified threshold) should be identified to the Company's Compliance Department:

(i) The issuer is a Client of the Company, or of an affiliate, accounting for more than 5% of the Company's or affiliate's annual revenues.

(ii) The issuer is an entity that reasonably could be expected to pay the Company or its affiliates more than $1 million through the end of the Company's next two full fiscal years.

iii) The issuer is an entity in which a "Covered Person" (as defined in the Company's Policies and Procedures Designed to Detect and Prevent Insider Trading and to Comply with Rule 17j-1 of the Investment Company Act of 1940, as amended (the "Code of Ethics")) has a beneficial interest contrary to the position held by the Company on behalf of Clients.

(iv) The issuer is an entity in which an officer or partner of the Company or a relative of any such person is or was an officer, director or employee, or such person or relative otherwise has received more than $150,000 in fees, compensation and other payment from the issuer during the Company's last three fiscal years; provided, however, that the Compliance Department may deem such a relationship not to be a material conflict of interest if the Company representative serves as an officer or director of the issuer at the direction of the Company for purposes of seeking control over the issuer.

(v) The matter under consideration could reasonably be expected to result in a material financial benefit to the Company or its affiliates through the end of the Company's next two full fiscal years (for example, a vote to increase an investment advisory fee for a Retail Fund advised by the Company or an affiliate).

(vi) Another Client or prospective Client of the Company, directly or indirectly, conditions future engagement of the Company on voting proxies in respect of any Client's securities on a particular matter in a particular way.

(vii) The Company holds various classes and types of equity and debt securities of the same issuer contemporaneously in different Client portfolios.

(viii) Any other circumstance where the Company's duty to serve its Clients' interests, typically referred to as its "duty of loyalty," could be compromised.

Notwithstanding the foregoing, a conflict of interest described above shall not be considered material for the purposes of this Policy in respect of a specific vote or circumstance if:

The securities in respect of which the Company has the power to vote account for less than 1% of the issuer's outstanding voting securities, but only if: (i) such securities do not represent one of the 10 largest holdings of such issuer's outstanding voting securities and (ii) such securities do not represent more than 2% of the Client's holdings with the Company.

The matter to be voted on relates to a restructuring of the terms of existing securities or the issuance of new securities or a similar matter arising out of the holding of securities, other than common equity, in the context of a bankruptcy or threatened bankruptcy of the issuer.

Recordkeeping

Following the submission of a proxy vote, the Fund will maintain a report of the vote and all relevant documentation.

The Fund shall retain records relating to the voting of proxies and the Company shall conduct due diligence, including on Proxy Voting Services and Proxy Advisors, as applicable, to ensure the following records are adequately maintained by the appropriate party:

(i) Copies of this Policy and any amendments thereto.

(ii) A current copy of the Proxy Advisor's voting guidelines, as amended.

(iii) A copy of each proxy statement that the Company receives regarding Client securities. The Company may rely on a third party to make and retain, on the

Company's behalf, a copy of a proxy statement, provided that the Company has obtained an undertaking from the third party to provide a copy of the proxy statement promptly upon request.

(iv) Records of each vote cast by the Company on behalf of Clients. The Company may satisfy this requirement by relying on a third party to make and retain, on the Company's behalf, a record of the vote cast, provided that the Company has obtained an undertaking from the third party to provide a copy of the record promptly upon request.

(v) A copy of any documents created by the Company that were material to making a decision how to vote or that memorializes the basis for that decision.

(vi) A copy of each written request for information on how the Company voted proxies on behalf of the Client, and a copy of any written response by the Company to any (oral or written) request for information on how the Company voted.

These records shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the Company's fiscal year during which the last entry was made in the records, the first two years in an appropriate office of the Company.[5]

Enforcement of this Policy

It shall be the responsibility of the Compliance Department to handle or coordinate the enforcement of this Policy. The Compliance Department will periodically sample proxy voting records to ensure that proxies have been voted in accordance with this Policy, with a particular focus on any proxy votes that require additional analysis (e.g., proxies voted contrary to the recommendations of a Proxy Advisor).

If the Compliance Department determines that a Proxy Advisor or Proxy Voting Service may have committed a material error, the Compliance Department will investigate the error, taking into account the nature of the error, and seek to determine whether the

[5] If the Company has essentially immediate access to a book or record (on the Company's proprietary system or otherwise) through a computer located at an appropriate office of the Company, then that book or record will be considered to be maintained at an appropriate office of the Company. "Immediate access" to books and records includes that the Company has the ability to provide promptly to Securities and Exchange Commission (the "SEC") examination staff hard copies of the books and records or access to the storage medium. The party responsible for the applicable books and records as described above shall also be responsible for ensuring that those books and records for the first two years are either physically maintained in an appropriate office of the Company or that the Company otherwise has essentially immediate access to the required books and records for the first two years.

Proxy Advisor or Proxy Voting Service is taking reasonable steps to reduce similar errors in the future.

In addition, no less frequently than annually, the Compliance Department will review the adequacy of this Policy to ensure that it has been implemented effectively and to confirm that this Policy continues to be reasonably designed to ensure that proxies are voted in the best interest of Clients.

Disclosures to Clients and Investors

The Company includes a description of its policies and procedures regarding proxy voting in Part 2 of Form ADV, along with a statement that Clients can contact the CCO to obtain a copy of these policies and procedures and information about how the Company voted with respect to a Client's securities. This Policy is, however, subject to change at any time without notice.

As a matter of policy, the Company does not disclose how it expects to vote on upcoming proxies. Additionally, the Company does not disclose the way it voted proxies to unaffiliated third parties without a legitimate need to know such information.

POLICY REGARDING PRIVACY

Purpose and Scope

The purpose of this policy regarding privacy (this "Policy") is to ensure that the Company's policies and procedures regarding the use and handling of Personal Information (as defined below) comply with all requirements of applicable law.

General Policy

The Company is committed to protecting the non-public personal information that it receives from time to time with respect to current and prospective individual Clients in connection with the provision of its investment advisory or other services. Non-public personal information, which is generally obtained from applications, forms and other documentation, as well as from specific transactions between the Client and the Company, may include, among other things, the Client's name, address, social security number or tax identification number, bank account information, financial information, investment objectives, actual investments made and other information with respect to the investment advisory or other services provided to or on behalf of the Client by the Company ("Personal Information"). To that end, the Company has adopted this Policy to:

(i) ensure the security and confidentiality of Personal Information;

(ii) protect against anticipated threats or hazards to the security or integrity of Client records and other information; and

(iii) protect against unauthorized access to or use of Personal Information that could result in substantial harm or inconvenience to Clients.

Federal Requirements

Protecting the confidentiality and security of Personal Information is a top priority for the Company. In general, the Company shall not use or disclose Personal Information for any purpose other than in connection with the servicing of a Client's account and as may be required by applicable law. The Company's employees and other associated persons (including service providers) shall be prohibited from disclosing Personal Information to third-parties unless required by operation of law, and, in such event, only in a manner permitted by Regulation S-P or other applicable law (each, a "Permitted Disclosure" and collectively, "Permitted Disclosures"). All such employees and other associated persons must at all times adhere to this Policy, and the Chief Compliance Officer shall be responsible for enforcing this Policy.

All Personal Information shall be governed by this Policy, whether or not such information is derived from applications, agreements, forms or other documentation, or in

connection with specific transactions between the Company and its Clients, and including any such information that may be created, sent, received and/or stored by the Company. In that connection, as noted above, all of the Company's employees and other associated persons (including service providers) shall at all times endeavor to:

(i) ensure the security and confidentiality of Personal Information;

(ii) protect against anticipated threats or hazards to the security or integrity of Client records and other information; and

(iii) protect against unauthorized access to, or use of, Personal Information that could result in substantial harm or inconvenience to Clients.

The Company has physical, procedural and electronic safeguards that facilitate the Company's compliance with applicable law pertaining to safeguarding the security, confidentiality and integrity of Personal Information. Personal Information shall be collected by the Company under the supervision of the Chief Compliance Officer, and stored in one or more databases in accordance with the Company's Policy Regarding Recordkeeping. Such database(s) shall only be accessible by authorized employees and other associated persons of the Company and at all times the information stored therein shall remain subject to this Policy.

Notice and Disclosure

Content of Notice

Regulation S-P requires the Company to provide the investors in its Private Fund Clients and its Managed Account Clients with a "clear and conspicuous" notice (a "Privacy Notice") that accurately reflects its privacy policies and practices. The Privacy Notice shall generally describe the following:

(i) the Company's policies and practices to protect Personal Information;

(ii) categories of Personal Information that are collected;

(iii) categories of Personal Information that are disclosed;

(iv) if applicable, categories of Personal Information disclosed about former Clients and categories of affiliates' and non-affiliated third-parties' that may receive Personal Information; and

(v) if applicable, conditions under which Personal Information may be disclosed to affiliates and non-affiliated third-parties.

Based on the foregoing, the Company shall provide an initial Privacy Notice to each new investor in any of its Private Fund Clients or Managed Account Clients no later than

when the relationship is established with such investor, and an annual Privacy Notice to each existing investor within 90 days following the end of the Company's fiscal year.

Delivery Requirements

In accordance with applicable law, a description of this Policy shall be included in all of the Company's new account documentation and shall be delivered to all existing investors in any of its Private Fund Clients or Managed Account Clients annually, generally within 90 days following the end of the Company's fiscal year. The Company shall also promptly deliver to existing investors in any of its Private Fund Clients or Managed Account Clients a modified or revised Privacy Notice prior to:

(i) disclosing a new category of Personal Information;

(ii) disclosing Personal Information to a new category of non-affiliated third-parties; or

(iii) disclosing Personal Information about a former investor in any of its Private Fund Clients or Managed Account Clients to a non-affiliated third-party.

A revised Privacy Notice is not required to be delivered if the Company discloses Personal Information to a new non-affiliated third-party if such third-party was adequately described in a prior notice.

Privacy Notices may be provided to Clients in conjunction with other information that the Company desires to use or disseminate, so long as the Privacy Notice is clear and conspicuous. Privacy Notices shall be delivered in such a manner that each investor can reasonably be expected to receive actual notice in writing, or, if the investor agrees, electronically.

A copy of the Company's current general Privacy Notice is attached as **Appendix D** hereto.

Disclosure to Affiliates

The Company and its employees and may share Personal Information of any employee or affiliate with any other affiliate Company provided such sharing is in the course of offering products or services to such affiliates and the affiliate is notified of the confidential nature of the Personal Information.

Disclosures to Non-affiliated Third-Parties

The Company and its employees and other associated persons generally may only disclose or otherwise give access to Personal Information to a non-affiliated third-party if such third-party has signed a non-disclosure agreement approved by a member of the Legal and Compliance Department, and only in the following situations:

(i) to non-affiliated third-parties (including disclosure to attorneys, accountants, auditors and other service providers) in connection with the administration, processing and servicing of Client transactions;

(ii) to non-affiliated third-parties at the direction or otherwise with the consent of the Client;

(iii) to persons acting in a fiduciary or representative capacity on behalf of the Client;

(iv) to a consumer reporting agency, subject to prior written approval by a member of the Legal and Compliance Department; and

(v) to comply with applicable law or any civil, criminal or regulatory audit, investigation, examination, compliance request or other proceeding, or any subpoena, summons or other order issued by any court or other governmental authority or otherwise pursuant to any judicial process, in each case subject to prior written approval by a member of the Legal and Compliance Department.

Prohibited Uses

Except in connection with Permitted Disclosures, neither the Company nor any of its employees or associated persons shall:

(i) copy, upload, or distribute Personal Information from the Company's databases or other external sources that originate from the Company;

(ii) distribute Personal Information to anyone other than authorized personnel; or

(iii) store, print, download, record or distribute any file or other document containing Personal Information.

Privacy Safeguards

Restricted Access

All Personal Information, as well as all related files and records of the Company and its employees and other associated persons, shall be maintained on a network or system with appropriate access controls (a "Confidential System") to prevent unauthorized access to the Company's premises, including controls to authenticate and grant access only to authorized individuals and entities. Employees and other associated persons of the Company may not access or use Personal Information, unless there is a legitimate business need for such access or use.

Monitoring and Prevention

The Company shall develop monitoring systems and other procedures to detect actual and attempted attacks on, or other intrusions into, facilities and other locations, including electronic locations, where Personal Information is held. Personal Information will be held in secure media. To preserve the integrity and security of Personal Information in the event of computer or other technological failure, these measures will include disaster recovery programs.

Cyber-Security Practices for All Employees

The Company has implemented the following procedures to protect proprietary and Nonpublic Personal Information stored on electronic systems:

- Employees must never share their passwords or store passwords in a place that is accessible to others;
- Employees must lock their computers when they leave their work station unattended for any extended period of time;
- Any theft or loss of electronic storage media must immediately be reported to the Director of IT;
- Any inquiries or requests for representations about the Company's cyber-security controls from third parties, such as Clients, Investors, vendors, or government officials, must be forwarded to the CCO;
- Any requests from third parties for independent access to the Company's networks or proprietary data must be forwarded to the Director of IT; and
- The Director of IT or designee is responsible for setting Employee access permissions on the Company's computer network.

On at least an annual basis the Director of IT conducts a cyber-security risk assessment. The Director of IT provides the CCO with a summary of any moderate or high risk vulnerabilities that are identified, as well as a plan to remediate such risks.

Additionally, on an annual basis a member of the Company's information technology team shall:

- Inventory the Company's computers, system hardware, and other IT devices such as smart phones;
- Monitor for unauthorized devices accessing the Company's networks;

- Inventory its software applications, and ensured that software patches are being applied in a timely manner;
- Evaluate likely types of attack, including through penetration testing and vulnerability scans, where appropriate;
- Implement appropriate protections, such as anti-malware software, firewalls and data loss prevention software;
- Test the Company's ability to restore critical data and software in a timely manner;
- Implement standardized secure configurations for user hardware, software, operating systems, and network infrastructure;
- Periodically test to confirm that hardware, software, operating systems and network infrastructure continue to operate according to their standardized secure configurations;
- Appropriately test software applications prior to implementation;
- Encrypt any wireless data transmissions in the Company's offices that could contain sensitive data;
- Limit access to drives and applications that host sensitive data;
- Map external access points to the Company's network;
- Evaluate the cyber-security programs of vendors or other third parties that have independent access to the Company's networks or proprietary data, and, where appropriate, ensured that third party contracts or statements of work include appropriate provisions governing cyber-security;
- Implement adequate access logging capabilities, as well as automated exception reporting capabilities that are reasonably designed to detect malicious activity;
- Test the functioning of the Company's access logging and exception reporting systems;
- Require relatively strong user passwords that must be changed from time to time;
- Encrypt all laptops containing Nonpublic Personal Information;
- Promptly disable access for any terminated Employees; and

- Permanently erase or destroy any electronic storage media that is being discarded.

Working in Public Places

Employees should avoid discussing Nonpublic Personal Information in public places where they may be overheard, such as in restaurants and elevators. Employees should be cautious when using laptops or reviewing documents that contain Nonpublic Personal Information in public places to prevent unauthorized people from viewing the information.

Discarding Information

Employees may only discard or destroy Nonpublic Personal Information in accordance with the *Firm's policies*. Employees are reminded that electronic and hard copy media containing Nonpublic Personal Information must be destroyed or permanently erased before being discarded.

Responding to Privacy Breaches

If any Employee becomes aware of an actual or suspected privacy breach, including any improper disclosure of Nonpublic Personal Information, that Employee must promptly notify the CCO or a member of the legal compliance team. Upon becoming aware of an actual or suspected breach, the CCO or a member of the legal compliance team will investigate the situation take the following actions, as appropriate:

- To the extent possible, identify the information that was disclosed and the improper recipients;
- Notify appropriate members of senior management;
- Take any actions necessary to prevent further improper disclosures;
- Take any actions necessary to reduce the potential harm from improper disclosures that have already occurred;
- Discuss the issue with legal counsel, and consider discussing the issue with regulatory authorities and/or law enforcement officials;
- Assess notification requirements imposed by applicable state and national regulatory authorities and/or law enforcement officials;
- Evaluate the need to notify affected Clients or Investors, and make any such notifications;
- Collect, prepare, and retain documentation associated with the inadvertent disclosure and the Company's response(s); and

- Evaluate the need for changes to the Company's privacy protection policies and procedures in light of the breach.

Privacy Protection Training

The Compliance Department will ensure that all new Employees have received, reviewed, and understand their obligations to protect Nonpublic Personal Information. The CCO or his designee will also remind all Employees of their privacy protection obligations in connection with the Company's annual compliance training.

POLICY REGARDING THE PRIVATE PLACEMENT OF SECURITIES

Purpose and Scope

The purpose of this policy regarding the private placement of securities (this "Policy") is to ensure that the process employed by the Company in connection with the offer and/or sale of securities or interests issued by Private Fund Clients for which it serves as investment adviser, or other similar capacity, is consistent with all applicable law governing the private placement of securities. This Policy outlines generally the U.S. regulatory framework in respect of the private placement of securities under the Investment Company Act, the Securities Act, and other applicable law. This Policy also sets forth procedures to be followed by the Company that are reasonably designed to ensure compliance with applicable law for the purpose of preserving any exemption upon which any Private Fund Client of the Company may rely.

General Policy

The Company shall only offer and/or sell securities and interests issued by its Private Fund Clients to prospective investors in private placements pursuant to Regulation D under the Securities Act, and shall carefully monitor the number and type of investors to whom it offers interests issued by such Private Fund Clients to ensure that no Private Fund Client shall be regulated as an "investment company" under the Investment Company Act.

Investment Company Act

Any U.S. – domiciled investment fund that invests in securities is required to register as an investment company under the Investment Company Act unless it falls within an exception to the definition of an "investment company" as set forth in section 3(c) of the Investment Company Act. Registration of a fund as an investment company would subject to the fund to the investor protection measures afforded by the Investment Company Act, increase the costs of operation of the fund, and limit its capabilities. The limited exceptions to the definition of the investment company provided by Section 3(c) carve out certain pooled investment vehicles that solicit investors of varying degrees of sophistication. Two such exceptions are particularly relevant: section 3(c)(1) and 3(c)(7).

Section 3(c)(1)

Section 3(c)(1) of the Investment Company Act provides generally that an investment company having no more than 100 beneficial owners, and that have not made, or proposed to make, a "public offering" of their securities will not be deemed to be an investment company required to register under the Investment Company Act. For purpose of the 100 beneficial owner counting test, an entity investor will count as a single investor, unless it owns 10% or

more of the voting securities of the Section 3(c)(1) fund, and the investor itself is an investment company or would be an investment company but for the exclusions in Section 3(c)(1) or 3(c)(7). Any entity formed for the purpose of investing in the Section 3(c)(1) fund, as well as entities which permit their investors to opt in or out of the entities' investments, will be "looked through" to its underlying owners to determine beneficial ownership. The 100 investors test must be continuously monitored by the Chief Compliance Officer or Fund Accounting for each of the Company's 3(c)(1) Private Fund Clients.

Section 3(c)(7)

In order to rely on Section 3(c)(7), a Private Fund Client must not engage in a public offering and must limit beneficial ownership to persons who are, at the time of their acquisition of interests in the fund, "qualified purchasers." A "qualified purchaser" is defined to include:

(i) a natural person or family owned company owning at least $5 million in investments as defined by 2a51-1(b) of the Investment Company Act;

(ii) a trust not formed for the specific purpose of acquiring the securities offered, so long as the trustee or equivalent decision maker and each settlor or other asset contributor is a qualified purchaser; and

(iii) any other person, acting for its own account or the accounts of other qualified purchasers, that in the aggregate owns and invests on a discretionary basis at least $25 million in investments.

If a Private Fund Client is required to look through an entity investor to determine beneficial ownership, each beneficial owner of such entity investor must also be a "qualified purchaser." Transfers of interests in a 3(c)(7) fund by fit or bequest or pursuant to legal separation or divorce will be deemed to be made to a "qualified purchaser" if the transferor of such interests was a "qualified purchaser" (without regard to the status of the beneficiary of such transfer). In addition, certain "knowledgeable employees" as defined by the Investment Company Act, who do not qualify as "qualified purchasers" may acquire shares or interests in a 3(c)(7) fund without causing the fund to be deemed to be an investment company that is required to be registered under the Investment Company Act. Before the Company admits any knowledgeable employee as a member or partner of any Private Fund Client the Chief Compliance Officer must be satisfied that the admission of such employee is consistent with regulatory guidance and applicable law then in effect. The chief compliance Officer, in consultation with the Company's legal counsel, shall ensure that subscription booklets applicable to each Private Fund Client correctly elicit information reasonably designed to facilitate the Company's determination of whether a prospective investor is in fact a qualified purchaser.

Although Section 3(c)(7) places no limits on the number of investors in a Section 3(c)(7) fund, no more than 499 record holders should be admitted so that the Section 3(c)(7) fund will not be required to register under Section 12(g)(1) of the Exchange Act.

Private Placements

In order for a Private Fund Client to rely on the exceptions provided by Sections 3(c)(1) and 3(c)(7) the Private Fund Client must not engage in a public offering to prospective investors. To comply with this requirement, a Private Fund Client must offer its securities or interests in private placements pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder, or if such offering is conducted outside of the U.S., pursuant to Regulation S promulgated under the Securities Act.

Section 4(2) and Regulation D

Generally, offerings of securities, including sales of interests in pooled investment vehicles, are subject to the registration requirements set forth under the Securities Act, unless an exemption from these registration requirements is available. Section 4(2) provides an exception for "transactions by an issuer not involving a public offering." Section 4(2)'s private offering exemption is subject to restrictive interpretations by both the courts and the SEC. the Supreme Court has held that the private offering exemption is available only for an offer and sale made privately to persons able to fend for themselves. In determining a purchaser's ability to fend for itself, courts have used different analyses to assess whether offerees and purchasers need the protections afforded them by the registration requirements of the Securities Act, including considering the purchaser's access to, or receipt of, the same kind of information as would be included in a registration statement, and the purchaser's sophistication and ability to bear the economic risks of investment.

Regulation D provides a non-exclusive safe harbor for private placements: (i) conducted in accordance with Section 4(2); and (ii) not involving an offer or sale of its securities by general solicitation or advertising. Pursuant to Regulation D, private offerings made to an unlimited number of "accredited investors," plus up to 35 non-accredited investors, are exempt from the registration and other regulatory requirements of the Securities Act. There is no dollar cap on the amount of the securities that can be sold in reliance on the safe harbor.

For purposes of this Policy an "accredited investor" shall have the meaning as defined in the "Glossary of Terms" section of this Manual.

Each non-accredited investor in a Regulation D offering, either alone or with his purchaser representative, must have sufficient knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment (i.e., is a "sophisticated investor"). Sales to non-accredited investors trigger certain disclosure requirements, though such disclosure should be provided regardless of

whether it is required (due to the potential for liability under Rule 10b-5 under the Exchange act).

In addition, under certain circumstances, Regulation D offerings may be integrated for the purpose of counting investors, which may result in a fund exceeding the 35 non-accredited investor limitation. Integration may be appropriate if, among other factors: (i) the sales are part of a single plan of financing; (ii) the sales are made on or about the same time; (iii) the sales involve the same class of securities; (iv) the same type of consideration is received; or (v) the sales are made for the same general purpose. A safe harbor from integration is provided for all offers and sales that take place at least 6 months before the start, or after the termination, of the Regulation D offering in question, provided that no offers and sales of the same or a similar class of the issuer's securities (excluding those to employee benefit plans) occur within either of these 6 month periods. To the extent that any Private Fund Client accepts subscriptions from non-accredited investors, the Chief Compliance Officer shall be primarily responsible for keeping track of the number of non-accredited investors admitted to such Private Fund Client.

Unlike the accredited investor test, the analysis of what constitutes general solicitation or advertising for purposes of Regulation D may vary under different circumstances. Generally, a pre-existing relationship between the issuer or its agent and the person being solicited, whereby the issuer has sufficient knowledge of such person's sophistication and financial circumstances to establish that he or she is eligible to participate in the offer, may establish that no general advertising or solicitation has occurred. This requirement is met by an adviser soliciting investors from other funds that it manages or from other business dealings with such investors. Issuers may also solicit a limited number of institutional investors in one-on-one presentations in the absence of a pre-existing relationship without giving rise to a general solicitation, as long as a public source indicate that the investor is eligible to make the investment.

A pre-existing relationship may also be established if a potential investor responds to an eligibility questionnaire that provides the adviser with sufficient information to evaluate the potential investor's sophistication and financial circumstances before any offering is made.

Issuers making sales pursuant to an exemption under Regulation D must electronically file notice of the sales on Form D with the SEC no later than 15 days after the first sale of securities in an offering. The Policy Regarding Filings and Public Disclosures, outlines the procedures the Legal and Compliance staff follow to ensure Form D filings are made within this window.

Pursuant to SEC release which prohibits "Bad Actors" from participating in private placement offerings under Regulation D, we have adopted in our policies a certification that employees must perform on a quarterly basis. The certification confirms employee's

eligibility to continue to offer exempt security offerings as long as they have not been convicted or are subject to court or administrative sanctions involving securities fraud or other violations of specified laws. The certification is available in more detail under **Appendix E** of the Compliance Manual.

Regulation S

Regulation S provides a safe harbor from the registration and prospectus delivery requirements of the Securities Act for offers and sales of securities that are sold in an offshore transaction, provided that there is no directed selling efforts in the U.S. Generally, an offshore fund can qualify under the Regulation S safe harbor if: (i) offers are made only to persons located outside the U.S. and purchase offers are accepted only from such persons outside the U.S.; and (ii) no actions are taken that intend to, or which could reasonably be expected to result in, a conditioning of the U.S. market for the securities in question.

Regulations Pertaining to Imposition of Fees by Registered Investment Advisers

Private Fund Clients typically pay the Company a management fee calculated as a percentage of the assets of the Private Fund Clients ("Management Fee"), and an incentive allocation or performance fees based on the Private Fund Clients' profits (the "Performance Fee"). The Advisers Act does not contain express provisions limiting the amount of a management fee that may be imposed by a registered investment adviser, but the Company is obligated by its fiduciary duties to its Private Fund Clients to ensure that such fees are reasonable in light of the services being provided and any other relevant circumstances.

The Advisers Act prohibits registered investment advisers from charging its clients Performance Fees unless such clients are "qualified clients." A "qualified client" has the meaning set for the in the Glossary of Terms provided in this Manual. This prohibition further requires that advisers look through investors that are unregistered funds relying on Section 3(c)(1) of the Investment Company Act in order to determine that each underlying beneficial owner is a qualified client. If the Company elects to impose an incentive allocation or performance fee on its Private Fund Clients, then the Company must ensure that the investors in the applicable Private Fund Client are limited to person who (i) are either non-U.S. persons or qualified clients (as defined above) or (ii) were investors of the particular Private Fund Client prior to February 10, 2005. The company shall require that all potential investors in a Private Fund Client complete investor suitability questionnaires in order to ascertain definitively that each such investor is eligible to invest in a Private Fund Client that imposes a Performance Fee. Each investor in the Domestic 3(c)(1) Fund must be a "qualified client." Copies of these questionnaires shall be kept in accordance with the Company's Policy Regarding Recordkeeping.

CFTC Regulation

To the extent that the Company provides advice regarding the purchase and sale of commodity interests, including commodity futures contracts, swaps (other than securities-based swaps), retail foreign exchange contracts, commodity options or leveraged metals contracts, or manages any Private Fund Client that is subject to the Commodity Exchange Act, the Company may be required to register as a CPO or CTA with the CFTC, unless it can claim an exclusion from the definition of a CPO or CTA or an exemption from registration is otherwise available.

CFTC Rule 4.13 offers CPOs certain exemptions from registration as a CPO. Rules 4.13(a)(3) and (a)(4) are particularly relevant to hedge fund advisors. Rule 4.13(a)(3), the limited trading exemption, exempts a CPO from registration with the CFTC with respect to any pool: (i) whose interests are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States; (ii) that satisfies certain financial tests at all times; (iii) in which participation is limited to, or that at the time of the investment the adviser reasonably believes that all participants are, accredited investors, trusts that were not accredited investors but that were formed by one or more accredited investors for the benefit of a family member, "knowledgeable employees," "QEPS (as defined below), or otherwise eligible to participate in a pool for which the adviser can claim exemption from registration under Rule 4.13(a)(4); and (iv) that is not marketed as, or in a vehicle for, trading in the commodity futures or commodity options markets. Rule 4.13(a)(4), the sophisticated participant exemption, exempts investment advisers from registration as CPOs with respect to any pool: (i) whose interests are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the U.S.; and (ii) in which each participant is (a) if a natural person, a certain type of QEP, or (b) if a non-natural person, a QEP or an accredited investor. Regulation 4.13(a)(4) will be rescinded effective December 31, 2012.

The Company will monitor each pool to confirm that it fits within the appropriate requirements of Regulation 4.13 at all times. If the Company does not qualify for an exemption from registration as a CPO or CTA, then CFTC Rule 4.7 offers certain registered investment advisers and exemption from many of the CFTC's disclosure requirements. To utilize this exemption, investors in a Private Fund Client must each be qualified eligible participants ("QEPs"). QEPs are defined as outlined in the "Defined Terms" section of this manual.

If the Company is required to register as a CPO or CTA with the CFTC, the Company shall require all Private Fund Clients that are subject to the Commodity Exchange Act to limit permissible investors to QEPs. The company shall require that all potential investors in such Private Fund Clients complete an investor suitability questionnaire.

Enforcement of this Policy

It shall be the responsibility of the Chief Compliance Officer to handle or coordinate the enforcement of this Policy. The Chief Compliance Officer shall use the knowledge and expertise available to him and the resources of the Company including the Legal staff, Finance Staff, and outside Legal counsel, to ensure compliance with this Policy.

CODE OF ETHICS POLICY

Purpose and Scope

The purpose of the Code of Ethics Policy ("the Policy") is to implement a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC. This Policy provides guidance to all Company personnel regarding ethical business principles. The Policy is designed to ensure compliance with legal requirements and the Company's standard of business conduct. Employees shall read and understand the Policy and uphold the standards outlined herein in their day-to-day activities at the Company.

General Policy

This Policy does not address every possible situation that may arise. Consequently, every Employee is responsible for exercising good judgment, applying ethical principles, and bringing violations or potential violations of this Policy to the attention of the Chief Compliance Officer. Any questions regarding the Company's policies and procedures should be referred to the Compliance Department. This Policy shall apply to each Employee of the Company. The Policy covers the following topics:

(i) Insider Trading

(ii) Personal Trading Policy

(iii) Outside Business Activities and Private Securities Transactions

(iv) Business Gifts and Entertainment

(v) Political Contributions

The Company will distribute this Code of Ethics, and any amendments, to each Employee, and each Employee will be required to sign either electronically or in writing an acknowledgement, indicating that they have received a copy of the Code of Ethics and will comply with its provisions. Acknowledgements required under the Code of Ethics may be submitted in written or electronic format containing substantially the same information included on the form.

Standards of Conduct

Compliance with Governing Laws, Regulations and Procedures

The Company and its Employees shall comply with all applicable federal and state laws and regulations.

(i) Employees shall comply with all procedures and guidelines established by the Company to ensure compliance with applicable federal and state laws and regulations. No Employee shall knowingly participate in, assist, or condone any act of violation of any statute or regulation governing the Company or any act that would violate any provision of this Policy.

(ii) Employees shall have and maintain knowledge of and shall comply with the provisions of the Policy.

(iii) Employees having knowledge of violations of this Policy shall immediately report such violations to the Chief Compliance Officer.

Individual Standards of Conduct

The following general principles guide the individual conduct of each Employee:

(i) Employees will not take any action that will violate any applicable laws or regulations, including all federal securities laws.

(ii) Employees will adhere to the highest standards of ethical conduct.

(iii) Employees will maintain the confidentiality of all information obtained in the course of employment with the Company.

(iv) Employees will bring any issues reasonably believed to place the Company at risk to the attention of the Chief Compliance Officer.

(v) Employees will not abuse or misappropriate the Company's or any Client's assets or use them for personal gain.

(vi) Employees will disclose any activities that may create an actual or potential conflict of interest between the Employee, the Company and/or any Client.

(vii) Employees will deal fairly with Clients and other Employees and will not abuse the Employee's position of trust and responsibility with Clients or take inappropriate advantage of his or her position with the Company.

(viii) Employees will comply with this Code of Ethics.

Ethical Business Practices

It is the policy of the Company that any violation of applicable laws, regulations or this Policy shall be immediately reported to the Chief Compliance Officer. If an Employee, in good faith, raises an issue regarding a possible violation of law, regulation or Company

policy or any suspected illegal or unethical behavior he or she will be protected from retaliation.

Falsification or Alteration of Records

Falsifying or altering records or reports, preparing records or reports that do not accurately or adequately reflect the underlying transactions or activities, or knowingly approving such conduct is prohibited. Examples of prohibited financial or accounting practices include:

(i) Making false or inaccurate entries or statements in any Company or Client books, records, or reports that intentionally hide or misrepresent the true nature of a transaction or activity;

(ii) Manipulating books, records, or reports for personal gain;

(iii) Failing to maintain books and records that completely, accurately, and timely reflect all business transactions;

(iv) Maintaining any undisclosed or unrecorded Company or Client funds or assets;

(v) Using funds for a purpose other than the described purpose; and

(vi) Making a payment or approving a receipt with the understanding that the funds will be, or have been, used for a purpose other than what is described in the record of the transaction.

Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Employee should endeavor to respect the rights of and deal fairly with the Clients, vendors, service providers, suppliers, and competitors. No Employee should, in connection with any Company business, take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice. Employees should not falsely disparage or make unfair negative comments about its competitors or their products and services. Negative public statements concerning the conduct or performance of any former Employee of the Company should also be avoided.

Privacy of Personal Information

The Company will acquire and retain only personal information that is required for the effective operation of the business of the Company or that is required by law in the jurisdictions in which the Company operates. Access to such information will be restricted internally to those with a legitimate need to know. Employee communications transmitted by the Company's systems are not considered private.

Online Blogging and Communication with Media

Without the express advance approval of the Chief Compliance Officer or the Compliance Department, Employees are prohibited from posting their opinions regarding an investment, issuer, investment strategy, market conditions, government financial actions, and any and all other such opinions as may appear to impart a financial opinion on any corporate, personal, or financial blogging website.

Spreading of False Rumors

The Company prohibits Employees from spreading Rumors (as hereinafter defined) directly or indirectly regarding the financial condition of any company. For purposes of the Code of Ethics, a "Rumor" shall be defined to include any statement which, at the time of making, the Employee knew, or should have known, was false, misleading, or otherwise untrue or deceptive. This includes any statement in which the Employee omits a fact or set of facts, which if disclosed would change the nature of the statement, and which by being omitted results in the statement being false, misleading or otherwise untrue and deceptive. The Company prohibits the dissemination of Rumors verbally, electronically, or in writing.

Protection of Confidential Information

Information generated in the Company is a valuable Company asset. Protecting this information plays a vital role in the Company's continued growth and ability to compete. Such information includes among other things, technical information such as computer programs and databases, business information such as the Company's objectives and strategies, trade secrets, processes, analysis, charts, drawings, reports, sales, earnings, forecasts, relationships with Clients, marketing strategies, training materials, Employee compensation and records, and other information of a similar nature. Employees must maintain the confidentiality of the Company's proprietary and confidential information and must not use or disclose such information without the express consent of an officer of the Company or when legally mandated.

Confidentiality of Investor Information

As a registered investment adviser, we have particular responsibilities for safeguarding our investors' information and the proprietary information of the Company.

Employees should be mindful of this obligation when using the telephone, fax, electronic mail, and other electronic means of storing and transmitting information. Employees should not discuss confidential information in public areas, read confidential documents in public places, or leave or discard confidential documents where they can be retrieved by others.

Information concerning the identity of investors and their transactions and accounts is confidential. Such information may not be disclosed to persons within the Company except as they may need to know it in order to fulfill their responsibilities to the Company. You may not disclose such information to anyone or any firm outside the Company unless (i) the outside firm requires the information in order to perform services for the Company and is bound to maintain its confidentiality; (ii) when the Client has consented or been given an opportunity to request that the information not be shared; (iii) as required by law; or (iv) as authorized by the Chief Compliance Officer. In addition, Regulation S-AM ("Reg S-AM") prohibits a registered investment adviser from using information about an individual consumer that has been obtained from an affiliated entity for marketing purposes unless the information sharing practices have been disclosed and the consumer has not opted out. The Company should not use information about individuals that was obtained from affiliates for any marketing purposes and should not provide information about individuals to any of its affiliates for any marketing purposes.

Information regarding investor orders must not be used in any way to influence trades in personal accounts or in the accounts of other Clients. Intentionally trading ahead of a Client's order with the purpose of benefiting on the trade as a result of the Client's follow-on trade is known as "frontrunning" and is prohibited. Certain six-month short-swing transactions (e.g., a sale and a purchase, or a purchase and a sale, occurring within a six-month period) are also prohibited. If you reasonably believe improper trading in personal or Client accounts has occurred, you must report such conduct to the Chief Compliance Officer.

Additionally, Employees are prohibited from buying or selling an option while in possession of non-public information concerning a block transaction in the underlying stock, or buying or selling an underlying security while in possession of non-public information concerning a block transaction in an option covering that security (the "inter-market front running"), for an account in which the Company or such Employee has an interest or with respect to which the Company or such Employee exercises investment discretion. This prohibition extends to trading in stock index options and stock index futures while in possession of non-public information concerning a block transaction in a component stock of an index. A "block transaction" means a transaction involving 10,000 shares or more of an underlying security or options covering 10,000 shares or more of such security. In the case of a thinly traded security, fewer than 10,000 shares may constitute a block transaction.

Prohibition Against Insider Trading

General

The Company forbids any Employee from trading, either personally or on behalf of others, including registered investment companies, private investment funds and private accounts advised by the Company, on material non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as "insider trading." The Company's policy extends to activities within and outside each person's duties at the Company.

The term "insider trading" is not defined in the federal securities laws, but generally is used to refer to the use of material non-public information to trade in securities (whether or not one is an "insider") or to communications of material non-public information to others.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

(i) Trading by an insider while in possession of material non-public information;

(ii) Trading by a non-insider while in possession of material non-public information, where the information either was disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated; or

(iii) Communicating material non-public information to others.

Insider Trading

The elements of insider trading and the penalties for such unlawful conduct are discussed below. If Employees have any questions, they should consult the Chief Compliance Officer.

Who is an Insider?

The concept of who is an "insider" is broad. It includes generally officers, directors and Employees of a company. In addition, a person can become a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and, as a result, is given access to information solely for the company's purposes. A temporary insider can include, among others, a company's attorneys, accountants, consultants, bank lending officers, and certain Employees of such organizations. In addition, although it is unlikely to occur in the normal conduct of its business, the Company or an Employee could become a temporary insider of a company it advises or for which it performs other services. According to the U.S. Supreme Court, the company must expect an outsider to keep the disclosed non-public information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

What is Material Information?

Trading on inside information is not a basis for liability unless the information is material. "Material information" is defined generally as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a Company's securities. Information that should be considered material includes, but is not limited to, dividend changes, earnings estimates, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation problems, antitrust charges, labor disputes, pending large commercial or government contracts, major new products or services, significant shifts in operating or financial circumstances (such as major write-offs and strikes at major plants) and extraordinary management developments (such as key personnel changes).

What is Non-Public Information?

Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal or other publications of general circulation would be considered public.

Penalties for Insider Trading

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include:

(i) civil injunctions;

(ii) disgorgement of profits;

(iii) jail sentences;

(iv) fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited; and

(v) fines for the employer or other controlling person of up to the greater of $1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, violations can be expected to result in serious sanctions by the Company, detailed in the Sanction Provisions section in this Policy, potentially including dismissal of the person(s) involved.

Procedures to Detect and Prevent Insider Trading

The following procedures have been established to aid Employees in avoiding insider trading, and to aid the Company in preventing, detecting and imposing sanctions against individuals for insider trading. Each Employee must follow these procedures or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties.

Identifying Inside Information

Before trading for yourself or others, including any Client Account, in the securities of a Company about which you may have potential inside information, ask yourself the following questions:

(i) Is the information material? Is this information that an investor would consider important in making his or her investment decisions? Is this information that would substantially affect the market price of the securities if disclosed?

(ii) Is the information non-public? To whom has this information been provided? Has the information been effectively communicated to the marketplace by appearing in publications of general circulation? Is the information already available to a significant number of other traders in the market?

If after consideration of the foregoing you believe that the information is material and non-public, or if you have questions as to whether the information is material and non-public, you should take the following steps:

(i) Report the matter immediately to the Chief Compliance Officer.

(ii) Do not purchase or sell the securities on behalf of yourself or others, including any Client Account.

(iii) Do not communicate the information within or outside of the Company other than to the Chief Compliance Officer.

Client Account Trading

In connection with Company investments, certain Employees may gain access to material, non-public information relating to the applicable borrower or issuer. In such cases, the applicable borrower or issuer will be placed on the Company's Restricted List discussed below. In addition, in connection with investments, the Company will often enter into a confidentiality agreement relating to information that it may receive. It is the Company's general policy that all companies who are the subject of a confidentiality agreement will be placed on the Company's Restricted List. An example of a circumstance where the Company may agree to a confidentiality agreement or undertaking and not place the subject company on the Company's Restricted List is when the Company is required to agree to a

confidentiality undertaking as a condition precedent to the access of information that is expressly designated as "public side" information on intralinks/syndtrak/debt domain or similarly situated service providers. Notwithstanding the foregoing, should any employee believe information so designated as "public side" does in fact constitute material non-public information, the subject company should either immediately be added to the Company's Restricted List or, if such determination is unclear, the CCO should be consulted for further guidance as to whether restriction is necessary.

Subject to the foregoing, prior to a confidentiality agreement being executed and an issuer being placed on the internal Company restricted list, an email should be circulated by the investment professional or his/her designee to an internal restricted list, which comprises members of investments, notifying his/her intention to become restricted in an issuer. This notification will provide members of the firm time to opine or reject the execution of the confidentiality agreement. After a period of 24 hours has passed and if there are no objections received, the issuer will be placed on the Company's restricted list. Each proposed confidentiality agreement shall be emailed to the Company's Legal department for review, prior to execution.

Restricting Access to Material Non-Public Information

Information in your possession that you identify as material and non-public may not be communicated to anyone, including any person within the Company other than those persons who need to know such information in order to perform their job responsibilities at the Company. In addition, care should be taken to keep the information secure. For example, memos, reports, correspondence or files containing the information should be restricted.

Resolving Insider Trading Issues

If, after consideration of the provisions of this Code of Ethics, you have questions as to whether information is material or non-public, the propriety of any action, or about the foregoing procedures, please contact the Legal/Compliance Department to discuss your questions before trading or communicating the information to anyone.

Restricted Lists

Prior to voluntarily receiving any private-side or otherwise non-public information regarding any issuer (regardless of whether it is currently owned by the Company or any Client Account, but particularly if the Company is analyzing or recommending securities for Client transactions) in any form (oral, written, electronic, etc.) or in any manner (by conversation, by accessing private-side information on intralinks/syndtrak/debt domain, by fax, by e-mail, by confidentiality agreement, etc.), Employees should email restrictedlist@hcmlp.com requesting permission for the issuer to become restricted. This email is intended to put all relevant parties on notice of the potential restriction. Please include in your email the issuer name and whether or not the issuer has public securities.

Also, please indicate the anticipated length of the restriction (Note: for confidentiality agreements, this period is assumed to be the term of the agreement, absent CCO approval of a shorter period). Each analyst is responsible for notifying the Compliance Department immediately when the name of an issuer he or she monitors changes.

After receipt of the email notification, recipients of the restricted list request are generally provided 24 hours to object to the request to become restricted. If an objection is received, the relevant portfolio managers and other Employees should discuss the matter with Compliance to determine whether we will proceed with receiving the private information and become restricted. Note that electronic confidentiality undertakings associated with electronic public-side only information do not require an addition to the Restricted List unless MNPI is specifically identified on such site (Intralinks, Syndtrak, Debt Domain, etc.); however, when we expressly indicate access limited to public-side information via the above referenced electronic forums, we generally do not restrict the issuer but investment personnel are subject to an ongoing obligation to immediately report to Compliance if they believe any MNPI is contained in such public-side information. If MNPI is identified, such issuer must immediately be added to the Restricted List.

Notwithstanding anything in this policy to the contrary, if an Employee of the Company receives or otherwise is in possession of material, non-public information with respect to an issuer, there is no applicable waiting period and the Employee receiving the information must immediately notify the Compliance Department via restrictedlist@hcmlp.com to immediately add the issuer to the Restricted List. Specific instances where an issuer must immediately be added to the Company's Restricted List include, but are not limited to, the following:

- In the event Highland has a representative or observer on the Board of Directors of an issuer, the employee appointed or the portfolio manager responsible for the issuer must also immediately submit a Restricted List request for such issuer.

- In the event any Highland personnel becomes aware that any Highland portfolio company in respect of which Highland has a board designee or observer rights is (i) entering into or has entered into a confidentiality or non-disclosure agreement with respect to an M&A transaction, the counterparties (e.g., the acquiring, merging or target company) should be immediately placed on the Restricted List; or (ii) presenting any other transaction to the board of such portfolio company for approval, then the facts and circumstances regarding such transaction shall be immediately communicated to the CCO for a determination as to whether the Company needs to add one or more parties to the transaction to the Company's Restricted List.

Any questions regarding whether we are in possession of material non-public information or whether we need to add an issuer to the Restricted List must be brought to

the immediate attention of the CCO for a determination. The CCO may, but is not required to, consult legal counsel for further guidance in making such a determination.

Exceptions to this policy can only be granted with express Compliance Approval upon a showing that none of the information in the possession of the Company constitutes material non-public information. The Compliance Department also has discretion to place an issuer on the Restricted List even though no Employee has or is expected to receive any material, non-public information about the issuer. Such action may be taken for the purpose of avoiding any appearance of the misuse of material, non-public information. When an issuer is placed on the Restricted List, all Employees are prohibited from personal trading in securities of those issuers. In addition, no trades in Client Accounts may be made in securities of an issuer on the Restricted List until the Compliance Department makes a determination as provided below.

In the event that the Company desires to engage in a securities transaction relating to an issuer that is listed on the Restricted List, the Chief Compliance Officer will consider all relevant factors, which may include: (i) whether the proposed transaction involves a security, (ii) the circumstances surrounding the placement of such issuer on the Restricted List, (iii) the extent to which any Employee may have material, non-public information, (iv) whether the counterparty to the transaction has access to the same information, and (v) whether the counterparty is entering into customary "big-boy"/non-reliance representations. The Chief Compliance Officer will then determine whether such factors prevent the Company from engaging in such security transaction. All such determinations will be made on a case-by-case basis and may be made in conjunction with advice from internal and/or external legal counsel. The Legal/Compliance Department may condition its determination on the Portfolio Manager providing a certification affirming that, as of such trade date, he or she does not possess any material, non-public information relating to such issuer. In addition, in certain circumstances the Chief Compliance Officer may authorize one or more groups to trade while the firm is in possession of material nonpublic information, subject to appropriate ethical walls determined by the Chief Compliance Officer following consultation with any internal and/or external legal counsel that the Chief Compliance Officer may deem appropriate, being imposed that insulate the authorized groups from the information otherwise in possession of the firm.

All confidentiality or non-disclosure agreements must be reviewed by a member of the Company's legal department prior to execution, other than standard electronic confidentiality undertakings on intralinks/syndtrak/debt domain or similarly situated service providers.

There are two processes to remove an issuer from the Restricted List:

- <u>Process A: Restricted List Expiration</u>

- Five days prior to the issuer's expiration date a computer generated email reminder will be sent to the Portfolio Managers listed on the Restricted List as well as to the Compliance Department.

- The issuer will be removed from the Restricted List upon the expiration date if the Portfolio Managers affirmatively indicate to the Compliance Department that the issuer should be removed.

- Process B: Removal Prior to Expiration

  - For removals that are prior to the Restricted List expiration date, send an email to the Compliance Department confirming the basis for why we no longer have material non-public information.

  - Compliance will only remove a particular issuer from the Restricted List with Chief Compliance Officer approval following review of the relevant facts and circumstances, as described above.

The only persons who are authorized to remove issuers from the Restricted List are members of the Compliance Department.

Personal Trading Policy

Policy Overview

The purpose of this policy regarding employee personal trading is to ensure that employee's personal trading activity complies with applicable laws and regulations, and is carried out in a manner consistent with Company policy. The Company has an obligation to monitor employee personal trading to ensure that all trades meet the requirements set forth in this policy and that all personal trading transactions must avoid even the appearance of a conflict of interest. (For additional information regarding the Personal Trading Policy, including the list of approved brokerage firms, please see Employee Trading Policy).

General Principles

The following general principles should guide the individual trading activities of Employees:

1. Employees may only trade Reportable Securities during the permitted trading windows discussed under "Blackout Periods for Reportable Securities" below, provided that up to 40 ETF and ETN trades may be completed each year at any time and, provided further that the Chief Compliance Officer may permit additional trades on a case-by-case basis.

2. Employees may not trade in the securities of an issuer in which any portfolio or fund managed by the Company has an interest in any part of the capital structure, (other than securities of issuers with respect to which the Company may be deemed to have an interest solely as a result of such securities being held in a retail client that is managed by a third-party sub-advisor). Notwithstanding the foregoing, the Chief Compliance Officer may approve exceptions to this limitation upon showing of need such as (in the case of a sale by an employee where the Company is long the security in an account) or a showing of alignment of interests (such as where the employee wishes to buy a security that the company is long) provided that the investment does not violate any legal, regulatory, or contractual restriction. Issuers held by Company-advised ETFs which track an underlying index are excluded for this purpose and may be traded by employees assuming all other factors are met.

3. Executions of Employee account orders are subject to completion of Client orders (See, Restrictions on Personal Trading Activity below).

4. The Company reserves the right to cancel any Employee's transaction. If a transaction is canceled, the Employee will bear the risk of loss and the Company (or a designated charity) will retain any profit associated with such cancellation.

5. Any breach of this policy may result in disciplinary action, up to and including termination of employment (See, Sanction Provisions for a detailed list of sanctions relating to violations of the Company's Code of Ethics Policy).

Pre-Clearance Required for Reportable Securities: PTS

Employees are required to pre-clear all acquisitions or dispositions of Reportable Securities. Pre-clearance approval is good for the day on which it is obtained. Receiving pre-clearance approval for a specific trade does not oblige the employee to place the trade. Limit orders expiring at the end of a trading day are permissible; "good until canceled" orders are not.

Pre-Clearance Procedures

To monitor, record, and report the personal trading activities of Employees, the Company uses the Financial Tracking Personal Trading System ("PTS"). Each Employee is provided a username and password to the online PTS. Pre-clearance must be obtained by submitting a pre-clearance request using the PTS. PTS will generate an "approval" or "denial" of the pre-clearance. PTS maintains a record of all pre-clearance requests submitted and their approval status, which can be viewed by both Compliance and Employees. The Chief Compliance Officer monitors all transactions made by all Employees in order to

ascertain any pattern of conduct which may evidence conflicts or potential conflicts with the principles and objectives of this Policy.

Employees requiring pre-clearance of personal securities transactions while out of the office can email compliance@highlandcapital.com.

Transaction activity in proprietary accounts of the Company and its affiliates does not require preclearance pursuant to these policies.

Advance trade clearance in no way waives or absolves any Employees of the obligation to abide by the provisions, principles and objectives of this Policy.

Reportable Securities

For the purpose of this Code of Ethics, Reportable Securities are exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), closed-end funds, notes and financial derivatives, and, except as provided below, all public or private securities. However, ETFs, options on ETFs, and ETNs are **not required** to be pre-cleared.

The following instruments are not considered Reportable Securities: shares issued by open-end funds (mutual funds), other than funds advised by the Company or its affiliates, direct obligations of the Government of the United States, municipal securities, annuities, currencies and commodities, commercial paper, banker acceptances, and bank certificates of deposit.

Restrictions on Personal Trading Activity

Excessive trading by employees is discouraged and will be documented by Compliance and any issues identified will be presented to Senior Management.

Under no circumstances may any Employee effect a transaction in his or her personal account or in another Employee's account while either in possession of material non-public information (MNPI) regarding the financial instrument and/or issuer that is the subject of the transaction, or with knowledge that a Client account is engaging, or likely to engage on the same day, in a similar transaction in the same instrument. Employees may reference the Company's Restricted List for a complete list of issuers the Company has access to MNPI. If an employee holds a position that is subsequently placed on the Restricted List, employees are prevented from closing out the position until the issuer is removed from the list.

Employees are also restricted from trading issuers where the Company has filed under Section 13D (Company owns more than 5%) or Section 16A (Company owns more than 10%). Compliance will maintain a complete list of restricted issuers under this rule.

Employees are prohibited from trading in any firm holding, excluding ETFs and ETNs, that is in conflict with the Company's position. Conflicting positions misalign

employee interests with investor interests. For example, employees are not allowed to go long in a security if the Company is currently short in an account nor shall they short a security if the company is currently long the security in an account. Express CCO exceptions can be granted in limited circumstances (such as showing of need or alignment of interest).

All employees are prohibited from violating any rule, regulation, or law while trading in their personal accounts. Highland employees are expected to live up not only to the letter of the law but also to the ideals of the Company.

Blackout Periods for Reportable Securities

Without the prior approval of the Chief Compliance Officer or his designee, no employee may directly or indirectly acquire or dispose of a beneficial ownership interest in a Reportable Security other than during the first 7 calendar days of February, May, August, November and during the seven calendar days commencing on December 15th and ending on December 21st each year. No Employee may directly or indirectly acquire or dispose of a beneficial ownership in a Reportable Security, with the exceptions of ETFs and ETNs, when the Company has a pending transaction for an asset of the same issuer or its wholly owned affiliate. In the event the Chief Compliance Officer permits an employee trading a firm holding, such employee trade may not be effected until the seventh calendar day after the Company's most recent transaction in the assets of that issuer. For example, if the Company purchases any part of IBM's capital structure on Calendar Day 1 (loans, bonds, or equity), on Calendar Day 6 an employee may not trade in IBM but on Calendar Day 7 the Employee may enter such a trade if the Company did not enter a trade in IBM on Calendar Day 6 and has no open orders on Calendar Day 7.

Employees will not be restricted from (i) exercising a call/put option position or otherwise covering an option position in their personal trading accounts prior to expiration as long as the original option position was approved through PTS, (ii) toggling elections within the Company's 401(k) plan, or (iii) investing in Funds managed by the Company or its affiliates (subject to applicable investor eligibility restrictions). Any transfers in or out of Highland/NexPoint advised or affiliated funds need to be precleared by Compliance via email in advance of the transfer.

Front Running

All Employees are prohibited from front running. The SEC states "front-running occurs when a person trades in advance of his or her client in order to take advantage of changes in the market price of a security that will be caused by that client's trade." The Company generally does not permit Employees to trade within seven days before a Client Account, unless subject to approval from the Chief Compliance Officer. If the seventh day falls on a weekend or holiday, the preceding business day is used.

Highland Retail Fund Trading

Employees are not allowed to trade for short term profits in any of the Retail Funds managed or sub-advised by the Company. Preclearance will be reviewed by the Chief Compliance Officer and will be subject to the same restrictions held on all other securities.

Pre-Clearance Required for Participation in IPOs

No Employee shall acquire any beneficial ownership in any securities in an initial public offering (as defined in Rule 204A-1 promulgated under the Advisers Act), for his or her account, without the prior approval of the Chief Compliance Officer who has been provided with full details of the proposed transaction.

Pre-Clearance Required for Private or Limited Offerings

No Employee shall acquire beneficial ownership of any securities in a limited offering (as defined in Rule 204A-1 promulgated under the Advisers Act) without the prior written approval of the Chief Compliance Officer who has been provided with full details of the proposed transaction.

Pre-Clearance Required for Personal Loans Collateralized by Securities

Prior to arranging a personal loan with a financial institution, which will be collateralized by securities, an Employee must obtain the approval of the Chief Compliance Officer. If the loan is approved, the Employee must supply the Chief Compliance Officer with an email containing the following information:

(i) The date of the transaction, the title and the number of securities involved in the transaction, the principal amount of each security, and a description of any other interest involved;

(ii) The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

(iii) The price at which the transaction was effected; and

(iv) The name of the broker, dealer or bank with or through whom the transaction was effected.

Hardship Exemption

Employees may request to trade outside of permitted windows or amounts under the hardship exemption. This exemption includes, without limitation, transferring assets to a new account, raising cash for taxes due, raising cash for unanticipated personal, family or medical expenses, raising cash for a large investment, incurring losses or gains in excess of

20% on an investment, or court ordered liquidation. These and other claims under the hardship exemption will be reviewed at the discretion of the Chief Compliance Officer.

Requests for hardship exemptions must be provided to the Chief Compliance Officer in writing. The Employee is not permitted to complete any transaction unless approval has been granted.

Any and all ambiguities relating to the administration of this policy will be determined and resolved by the Chief Compliance Officer in his sole discretion.

Monitoring and Review of Personal Securities Transactions

The Chief Compliance Officer or a designee will monitor and review all reports required under the Policy for compliance with Highland's policies regarding personal securities transactions and applicable SEC rules and regulations. The Chief Compliance Officer may also initiate inquiries of Employees regarding personal securities trading. Employees are required to cooperate with such inquiries and any monitoring or review procedures employed by the Company. Any transactions for any accounts of the Chief Compliance Officer will be reviewed and approved by a separate member of Compliance, internal legal counsel or other designated supervisory person. All Employees are required to comply with the reporting requirements outlined in the Code of Ethics.

Reporting Requirements for Employees

Every Employee shall annually disclose their personal brokerage and third party 401(k) accounts and holdings held within those accounts. It is the Company's policy that Employees must maintain their account with firm approved brokerage firms. Additionally, an employee may be asked to provide hard copy duplicate statements for their disclosed personal brokerage accounts.

Initial and Annual Holdings Disclosure

Every Employee must, no later than ten (10) days after becoming an Employee and after opening any additional brokerage accounts thereafter, submit a completed Securities/Futures Account Disclosure Form covering the accounts over which they have investment discretion. Employees are required to provide a copy of their most current brokerage statements (and the information must be current as of no more than 45 days prior to the reporting date), and transfer their account to one of the designated brokers approved by the Company. For the purpose of this Policy, an Employee account includes:

(i) Any account owned by an Employee, any account owned/controlled by his or her family (including a spouse, minor child or other relative living in the same household);

(ii) Any account, contract, understanding or other arrangement in which the Employee has a beneficial or pecuniary interest (such as a corporation, partnership, or estate in which the Employee has an interest); and

(iii) Any account over which the Employee exercises discretionary trading control (such as an IRA, trust account or other custodian account). Note: this also includes non-Highland 401k and 529 accounts that have reportable securities among potential investment elections.

Every employee must submit a completed Non-Discretionary Account Certification (attached as **Appendix F**) if any of their accounts include a trust or third-party managed account within ten days of opening a new account. Employees completing this form will certify that:

(i) The employee cannot suggest purchases or sales of investments to the trustee or third-party discretionary manager;

(ii) The employee cannot direct purchases or sales of investments in any of the trusts or third-party managed accounts; and

(iii) The employee does not consult with the trustee or third-party discretionary manager as to the particular allocation of investments to be made in any of the trusts or third-party managed accounts.

No later thirty (30) days after the end of each calendar year, each Employee must complete an Annual Holdings Certification reflecting account holdings as of year-end. Both the Securities/Futures Account Disclosure Form and the Annual Holdings Certification at a minimum must contain the following information:

(i) The title and type, the exchange ticker symbol or CUSIP number, the interest rate and maturity date (if applicable), the number of shares and the principal amount (if applicable) of each reportable security and/or reportable fund in which the Employee had any direct or indirect beneficial ownership;

(ii) The name of any broker, dealer or bank with whom the Employee maintains an account in which any securities were held for the direct or indirect benefit of the Employee; and

(iii) The date the report is submitted by the Employee.

Securities/Futures Account Disclosure Form, Non-Discretionary Account Certification and Annual Holdings Certifications are submitted to the Chief Compliance Officer using PTS.

Quarterly Certification of Transactions

Every Employee must, no later than thirty (30) days after the end of each calendar quarter, file a quarterly Certification of Transactions containing the following information with respect to any transaction during the quarter in a reportable security over which the Employees had any direct or indirect beneficial ownership:

(i) The date of the transaction, the title and exchange ticker symbol or CUSIP number, the interest rate and maturity date (if applicable), the number of shares and the principal amount (if applicable) of each reportable security;

(ii) The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

(iii) The price of the reportable security at which the transaction was effected;

(iv) The name of the broker, dealer or bank with or through whom the transaction was effected;

(v) The date the account was established; and

(vi) The date the report is submitted by the Employee.

As part of the reporting requirements, every Employee must also, no later than thirty (30) days after the end of each calendar quarter, affirm that they have reported all Reportable Securities transactions during the period. Quarterly Certification of Transactions are submitted to the Chief Compliance Officer using PTS.

Annual Certification & Conflict of Interest Disclosure

Every Employee must, no later than 30 days following year end, or no less than annually, must complete the Annual Certification & Conflicts of Interest Disclosure. The Annual Certification & Conflicts of Interest Disclosure is submitted to the Chief Compliance Officer using PTS. The Chief Compliance Officer or his/her designee is responsible reviewing and following up on any issues identified as potential conflicts of interest on the questionnaires.

Sanction Provisions

The following details violations of the Policy and the related sanctions that may result from non-adherence to the Policy. Each violation may result in the corresponding sanction, but the Company is not limited by what is enumerated. Similarly, the Company may take disciplinary action with respect to certain violations not specifically mentioned herein. The Chief Compliance Officer has the discretion to additionally fine a violator and to call a violator before Senior Management. A violation of the Policy may result in, warnings or fines

as well as additional disciplinary action up to and including termination. All penalty fines will be placed in a fund held by the Company that will be available for donations to charities approved by Senior Management.

The Company encourages any Employee who has or may have violated the Policy (or any securities law or regulation) to voluntarily bring the matter to the attention of the Chief Compliance Officer. To the extent that any such volunteered violation of the Policy is determined to have been unintentional, or to the extent that such voluntary disclosure prevented further violation of the Policy, the Chief Compliance Officer, after such consultation with Senior Management that the Chief Compliance Officer determines is necessary or advisable, shall take such factors into consideration in determining any sanction relating to such Employee actions.

Outside Business Activities and Private Transactions

All employees of Highland Capital Management, L.P. (the "Company") are required to devote their full time and efforts to the business of the Company. In addition, no person may make use of his or her position as an employee, make use of information acquired during employment, or make personal investments in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interests and the interests of the Company.

To assist in ensuring that such conflicts are avoided, an employee must obtain the approval of the Chief Compliance Officer prior to:

(i) Serving as a director, officer, general partner or trustee of, or as a consultant to, any business, corporation or partnership, including family owned businesses and charities, non-profit and political organizations, and/or Highland portfolio companies.

(ii) Accepting a second job or part-time job of any kind or engaging in any other business outside of the Company.

(iii) Acting, or representing that the employee is acting, as agent for a firm in any investment banking matter or as a consultant or finder.

(iv) Forming or participating in any stockholders' or creditors' committee.

(v) Receiving compensation of any nature, directly or indirectly, from any person, firm, corporation, estate, trust or association, other than the Company, whether as a fee, commission, bonus or other consideration such as stock, options or warrants.

Every employee is required to complete the required disclosure form via PTS and have the form approved by the Chief Compliance Officer prior to serving in any of the capacities or making any of the investments described heretofore.

The Chief Compliance Officer, in connection with approving any outside activities, may place such conditions on an approval as he deems necessary and appropriate to protect the interests of any Client. In addition, an employee must notify the Legal/Compliance Department if the employee is or believes that he or she may become a participant, either as a plaintiff, defendant or witness, in any litigation or arbitration.

Gifts and Entertainment Policy

General

The Company recognizes the value of fostering good working relationships with individuals and firms doing business or seeking to do business with the Company. To this end, subject to the guidelines below, Employees are permitted, on occasion, to accept unsolicited perishable gifts and invitations to attend entertainment events with current or prospective service providers and counterparties. When doing so, however, Employees should always act in the best interests of the Company and its Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships. Employees should contact the Chief Compliance Officer to discuss any offered activity or gift that they feel creates such a conflict. The Company reserves the right to prohibit the acceptance or retention of a gift or offer of entertainment, regardless of value, as it may determine in its sole discretion. In addition, the Company may reimburse certain expenses or costs paid by Employees as determined on a case by case basis.

Prior to accepting entertainment from an existing or prospective firm service provider or counterparty, Employees must notify and obtain approval from their Team Leader. All entertainment having a market value in excess of $200.00 per occurrence/item must also be pre-approved by Compliance. No gifts regardless of market value, other than unsolicited perishable items, may be accepted by Employees. To obtain approval employees must submit a Gift and Event Approval Form using PTS.

To determine approval or denial of the pre-clearance requests, the Chief Compliance Officer or his designee will consider if the gift or entertainment is of significant value and whether accepting such the gift or entertainment would create a real or potential conflict of interest. Entertainment may include such events as meals, shows, concerts, theatre events, sporting events, certain accommodations or similar types of entertainment. "Entertainment" also includes in-town and out-of-town trips and seminars where the service provider or counterparty offers to pay for items such as lodging, airfare, meal and/or event expenses. No gift or entertainment may be accepted or given, however, regardless of value, that is intended

to influencing, or has the likelihood of influences, any business decision or relationship of the Company.

Entertainment

"Entertainment" includes events such as meals, shows, concerts, theatre events, sporting events, or similar types of entertainment.

(i) The applicable current or prospective service provider or counterparty must accompany Employees to all Entertainment.

(ii) Entertainment may be provided for Employees and their immediate family members.

(iii) Employees must pay for all air transportation, which may be reimbursed by the Company in its sole discretion.

(iv) Despite the actual dollar value, the cost of the entertainment should in all instances be reasonable under the circumstances.

(v) Employees may not request to attend particular entertainment events.

Gifts

"Gifts" include all items received from a service provider or counterparty, as well as tickets to an event that is not attended by the grantor, which is prohibited.

(i) Only unsolicited perishable gifts are permitted. Alcoholic beverages are not considered perishable for Compliance purposes.

(ii) If a non-perishable gift is received, the Employee must return the gift to the grantor or donate the gift to charity. If the Employee elects to donate the gift to charity:

  (a) The gift must be forwarded to the Employee's respective administrative assistant.

  (b) The non-perishable item will be donated to a local charitable organization (e.g. Goodwill or the Salvation Army).

  (c) Evidence of the donation must be submitted to Compliance.

  (d) No charitable tax deduction can be taken by the Company or any Employee in connection with the donation.

(iii) Employees may not request or solicit gifts.

(iv) No gift of cash or cash equivalents may be accepted.

(v) Employees may not receive perishable gifts on more than two occasions annually from a specific service provider or counterparty.

Employee Provided Gifts and Entertainment

Employees may occasionally give and expense business gifts to someone doing or seeking to do business with the Advisor.

(i) The value of such gift should be limited to approximately $150.00.

(ii) Employees should limit entertainment and meal expenses to approximately $150.00 per attendee per event and approximately $400.00 per person per day, provided that seats at sporting events shall be permitted regardless of value.

(iii) Employees should not give a requested business gift or entertainment.

Guiding Principles

The Company holds its Employees to high ethical standards and strictly prohibits any giving or receipt of things of value that are designed to improperly influence the recipient. Anti-bribery and anti-corruption statutes in the U.S. and the U.K. are broadly written, so Employees should consult with the CCO if there is even an appearance of impropriety associated with the giving or receipt of anything of value.

Business gifts and entertainment are complex topics involving strict rules and dollar limits as well as the need for good judgment. Before offering or accepting any Business Gift or Business Entertainment, it is essential that Employees are familiar with the rules, but it is equally essential that Employees exercise appropriate judgment in situations that, even if within the rules, could appear improper to an independent observer such as a regulator or member of the media.

Terms with Special Meanings

Business Entertainment.

Any meal, sporting event (whether as a spectator or participant), cultural event, or similar entertainment that an Employee and a Business Partner attend together and that one of the parties provided. Exception: Meals that are in connection with an approved training and education event or industry conference are not considered Business Entertainment.

Business Gift.

Anything of value that is given to, or accepted from, a Business Partner. It includes prizes (whether awarded by skill or chance) and any discount or rebate not generally available to the public.

Business Partner.

Any natural person who is:

(i) A current or prospective Client, a consultant of same, or a vendor, supplier, or provider of any service to the Company.

(ii) An employee, agent, officer, or representative of any of the above.

Government Official.

Any elected or appointed official at any level of government in any country (U.S. or non-U.S.), and any U.S. candidate for federal, state or local office. This includes any board members or personnel of a state or local retirement plan, sovereign wealth fund, or government-controlled enterprise. For purposes of this policy, the term Government Official also includes any individual who would be considered a "foreign official" under the Foreign Corrupt Practices Act ("FCPA"), including but not limited to, all officers and employees of a foreign government or any department, agency, or instrumentality thereof, as well as any board members or personnel of a state or local retirement plan, sovereign wealth fund, or government-controlled enterprise.

General Restrictions and Requirements

Prohibition Against Broker-Sponsored Entertainment.

The acceptance of any broker provided gifts, tickets or invitations to entertainment oriented events while acting as a representative of the Company is prohibited. This includes gifts of any kind as well as invitations ore tickets to any sporting events, plays, concerts, rounds of golf, charitable events, etc. If Employees elect to participate in any of these events with a broker, the Employee must consider their participation as a personal choice and they will be required to pay their own way.

Prohibition Against Giving Cash or Cash Equivalents.

Employees must never give cash or cash equivalents as a Business Gift. This includes items that can be redeemed for cash, such as checks and cash-redeemable gift cards. Gift cards or gift certificates that can be redeemed only for goods or services, and not for cash, may be given.

Prohibition Against Solicitation of Business Gifts and Business Entertainment.

Employees must never solicit a Business Gift or Business Entertainment. If a Business Partner solicits either of these from an Employee, such request should politely be declined and reported to the CCO.

Prohibition Against Quid Pro Quo Arrangements.

Employees may never give or receive a Business Gift or Business Entertainment if there is any explicit quid-pro-quo arrangement, meaning that there is an understanding (either spoken or implicit) that the gift or entertainment is specifically linked to a certain business outcome.

Restrictions for Special Categories

Gifts and Entertainment Given to Union Officials.

Any gift or entertainment provided by Highland to a labor union or a union official in excess of $250 per fiscal year must be reported on Department of Labor Form LM-10 within 90 days following the end of the Company's fiscal year.

Gifts and Entertainment Given to ERISA Plan Fiduciaries.

The Company is prohibited from giving gifts or entertainment with an aggregate value exceeding $250 per year to any ERISA plan fiduciary.

Gifts and Entertainment Given to Government Officials.

Due to various restrictions on the giving of gifts and entertainment to elected and appointed officials at any level of government and in any country, as well as any United States candidate for federal, state, or local office, all Business Gifts and Business Entertainment to be given to such Government Officials must be pre-cleared.

The Foreign Corrupt Practices Act ("FCPA") prohibits the direct or indirect giving of, or a promise to give, "things of value" in order to corruptly obtain a business benefit from an officer, employee, or other "instrumentality" of a foreign government. Companies that are owned, even partly, by a foreign government may be considered an "instrumentality" of that government. In particular, government investments in foreign financial institutions may make the FCPA applicable to those institutions. Individuals acting in an official capacity on behalf of a foreign government or a foreign political party may also be "instrumentalities" of a foreign government.

The FCPA includes provisions that may permit the giving of gifts and entertainment under certain circumstances, including certain gifts and entertainment that are lawful under the written laws and regulations of the recipient's country, as well as bona-fide travel costs

for certain legitimate business purposes. However, the availability of these exceptions is limited and is dependent on the relevant facts and circumstances.

Civil and criminal penalties for violating the FCPA can be severe. Employees must consult with the CCO, or designee, prior to providing any business gifts and/or entertainment to individuals that may be covered by the FCPA.

Political Contributions

General

Individuals may have important personal reasons for seeking public office, supporting candidates for public office, or making charitable contributions. However, such activities could pose compliance and business risks to an investment adviser because federal and state "pay-to-play" laws.

SEC Rule 206(4)-5 (the "Pay-to-Play Rule") imposes restrictions on certain political contributions made by investment advisers that provide advisory services to a state or local government entity or to an investment pool in which a state or local governmental entity invests. An "investment pool" includes:

(i) Any investment company registered under the Investment Company Act that is an investment option of a plan or program of a government entity; or

(ii) Any company that would be an investment company under section 3(a) of the Investment Company Act but for the exclusion provided from that definition by section 3(c)(1), section 3(c)(7) or section 3(c)(11) of the Investment Company Act.

The Company currently provides advisory services to government entities and anticipates continuing to do so in the future and therefore will fall under the provisions of the Rule. Any questions regarding this rule should be directed to the Chief Compliance Officer.

Specifics of the Rule

There are three key elements of the Rule: (i) a two-year "time-out" from receiving compensation for providing advisory services to certain government entities after certain political contributions are made, (ii) a prohibition on soliciting contributions and payments, and (iii) a prohibition from paying third parties for soliciting government clients.

Two-Year "Time Out"

The Rule prohibits an Investment Adviser from receiving compensation from a "government entity" for two years after the Investment Adviser or any of its "covered

associates" makes a political "contribution" to an "official" of the government entity. During the two-year "time-out" period, the Investment Adviser is only prohibited from receiving compensation from a government entity; the Investment Adviser can still provide advisory services to the government entity.

Any employee who makes a disqualifying contribution during the course of his or her employment without first clearing such contribution with Compliance may be held personally liable to the Company for any loss of fees or other damages incurred by the Company as a result of such noncompliance.

Employees Must Obtain Pre-Clearance Before Making Political Contributions

If an employee is considering making a political contribution to any state or local government entity, official, candidate, political party, or political action committee, the potential contributor must seek pre-clearance from the CCO.

Look-Back Provision

Under the Rule, when a person becomes a covered associate (including when an existing employee is transferred or promoted), the Investment Adviser must "look back" in time to that person's prior contributions to determine whether the "time-out" provisions of the Rule apply to the Investment Adviser. If the person is involved in soliciting clients, then the Investment Adviser is required to look back two years. If the person is not involved in soliciting clients, then the Investment Adviser is only required to look back six months. The "look-back" provision is prophylactic since it bars advisers from influencing the selection process by hiring persons who have made political contributions.

Soliciting Contributions and Payments

The Rule bars an Investment Adviser and its covered associates from soliciting or coordinating: (i) contributions to an official of a government entity to which the Investment Adviser is seeking to provide investment advisory services, or (ii) "payments" to a political party of a state or locality where the Investment Adviser is providing or seeking to provide investment advisory services to a government entity.

Prohibition on Third Party Solicitation

The Rule prohibits an Investment Adviser or any of its covered associates from paying any person to solicit a government entity unless such person is (i) a "regulated person" (i.e., a registered investment adviser or broker-dealer) that is subject to prohibitions against engaging in pay-to-play practices or (ii) one of the Investment Adviser's employees, general partners, managing members, or executive officers (although contributions by these persons may trigger the two-year time out). This provision is a change from the initial proposal, which would have completely barred the use of solicitors.

The prohibition does not extend to non-affiliated persons providing legal, accounting or other professional services in connection with specific investment advisory business that are not being paid directly or indirectly for communicating with the government entity for the purpose of obtaining or retaining investment advisory business for the Investment Adviser.

Catch-all Provision

There is a catch-all provision in the Rule that "prohibits acts done indirectly, which, if done directly, would violate the Rule." As a result, an Investment Adviser and its covered associates are not permitted to funnel payments through third parties, including, for example, "consultants, attorneys, family members, friends or companies affiliated with the adviser as a means to circumvent the Rule."

De Minimis Exception

The Rule has a de minimis exception for contributions to officials for whom the contributor can vote. The exception permits individual contributions up to $350 per official (per election) for whom the employee is entitled to vote. In addition, contributions that in the aggregate do not exceed $150 per election per official will not violate the Rule, even if the contributor is not entitled to vote for the official. These de minimis exceptions are available only for contributions by individual covered associates, not the Investment Adviser. Under both exceptions, primary and general elections are considered separate elections.

Returned Contributions Exception

The Rule contains an exception that will provide an Investment Adviser "with a limited ability to cure the consequences of an inadvertent political contribution to an official for whom the covered associate making it is not entitled to vote." The exception is available for a limited number of contributions that, in the aggregate, do not exceed $350 to any one official, per election.' The Investment Adviser must have discovered the offending contribution within four months of the date the contribution was made and, within 60 days after learning of the triggering contribution, the contributor must obtain the return of the contribution.

Exemptions

The SEC may exempt an Investment Adviser from the two-year "time out" requirement after an offending contribution is discovered when the exemption is necessary or appropriate in the public interest.

Whistleblower Policy

Purpose

This policy establishes procedures for the receipt, review, and retention of Reporting Person (defined below) complaints relating to the Adviser's accounting, internal accounting controls, and auditing matters. The Adviser is committed to complying with all applicable accounting standards, accounting controls, and audit practices. While the Adviser does not encourage frivolous complaints, the Adviser does expect its officers, employees, and agents to report any irregularities and other suspected wrongdoing regarding questionable accounting or auditing matters. It is the Adviser's policy that its employees may submit complaints of such information on a confidential and anonymous basis without fear of dismissal or retaliation of any kind. This policy applies only to reports concerning Accounting Violations (as defined in Part 3 below).

The Chief Compliance Officer is responsible for overseeing the receipt, investigation, resolution, and retention of all complaints submitted pursuant to this policy.

This policy was adopted in order to:

(i) Cause violations to be disclosed before they can disrupt the business or operations of the Adviser, or lead to serious loss;

(ii) Promote a climate of accountability and full disclosure with respect to the Adviser's accounting, internal controls, compliance matters, and Code of Ethics; and

(iii) Ensure that no individual feels at a disadvantage for raising legitimate concerns.

This policy provides a means whereby individuals can safely raise, at a high level, serious concerns and disclose information that an individual believes in good faith relates to violations of the Compliance Manual, Code of Ethics, or law.

Reporting Persons Protected

This policy and the related procedures offer protection from retaliation against officers, employees, and agents who make any complaint with respect to perceived violations (referred to herein as a "Reporting Person"), provided the complaint is made in good faith. "Good faith" means that the Reporting Person has a reasonably held belief that the complaint made is true and has not been made either for personal gain or for any ulterior motive.

The Adviser will not discharge, demote, suspend, threaten, harass, or in any manner discriminate or otherwise retaliate against any Reporting Person in the terms or conditions

of his employment with the Adviser based upon such Reporting Person's submitting in good faith any complaint regarding an Accounting Violation. Any acts of retaliation against a Reporting Person will be treated by the Adviser as a serious violation of Adviser policy and could result in dismissal.

Scope of Complaints

The Adviser encourages employees and officers ("Inside Reporting Persons") as well as non-employees such as agents, consultants and investors ("Outside Reporting Persons") to report irregularities and other suspected wrongdoings, including, without limitation, the following:

(i) Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Adviser;

(ii) Fraud or deliberate error in preparation and dissemination of any financial, marketing, informational, or other information or communication with regulators and/or the public;

(iii) Deficiencies in or noncompliance with the Adviser's internal controls and procedures;

(iv) Misrepresentation or false statement to or by a senior officer of the Adviser regarding any matters in violation of state and/or federal securities laws; or

(v) Deviation from full and fair reporting of the Adviser's financial condition.

Confidentiality of Complaint

The Chief Compliance Officer will keep the identity of any Inside Reporting Person confidential and privileged under all circumstances to the fullest extent allowed by law, unless the Inside Reporting Person has authorized the Adviser to disclose his identity.

The Chief Compliance Officer will exercise reasonable care to keep the identity of any Outside Reporting Person confidential until it launches a formal investigation. Thereafter, the identity of the Outside Reporting Person may be kept confidential, unless confidentiality is incompatible with a fair investigation, there is an overriding reason for identifying or otherwise disclosing the identity of such person, or disclosure is required by law, such as where a governmental entity initiates an investigation of allegations contained in the complaint. Nothing in this Manual prohibits any Supervised Person from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization or any other state or federal regulatory authority, regarding a possible securities law violation.

Submitting Complaints

Inside Reporting Persons should submit complaints in accordance with the following procedures:

(i) Complaints must be submitted in writing and mailed in a sealed envelope addressed as follows: The Chief Compliance Officer, Confidential – To be Opened Only by the Chief Compliance Officer.

(ii) If they so desire, Inside Reporting Persons may request to discuss their complaint with the Chief Compliance Officer by indicating such desire and including their name and telephone number in the complaint.

(iii) Inside Reporting Persons may report violations on an anonymous basis. The Chief Compliance Officer urges any employee that is considering making an anonymous complaint to strongly consider that anonymous complaints are, by their nature, susceptible to abuse, less reliable, and more difficult to resolve. In addition, employees considering making an anonymous complaint should be aware that there are significant rights and protections available to them if they identify themselves when making a complaint, and that these rights and protections may be lost if they make the complaint on an anonymous basis. Therefore, the Adviser encourages employees to identify themselves when making reports of Accounting Violations. In responding to anonymous complaints, the Chief Compliance Officer will pay due regard to:

(a) The fairness to any individual named in the anonymous complaint;

(b) The seriousness of the issue raised;

(c) The credibility of the information or allegations in the complaint, with allegations that are speculative or that do not have a specific factual basis being likely to receive less credence; and

(d) The ability to ascertain the validity of the complaint and appropriately resolve the complaint without the assistance and cooperation of the person making the complaint.

Outside Reporting Persons should submit complaints concerning violations in accordance with the following procedures:

(i) Complaints may be submitted by e-mail or by a written letter in a sealed envelope addressed as follows: The Chief Compliance Officer, Confidential – To be Opened Only by the Chief Compliance Officer.

The Chief Compliance Officer recommends that Outside Reporting Persons use the sample Complaint Form attached to this policy when reporting Accounting Violations.

(ii) Outside Reporting Persons are required to disclose their identity in any complaints submitted under this policy. Complaints submitted by non-employees on an anonymous basis may not be reviewed.

Investigation of Complaints

(i) Upon receipt of a complaint, the Chief Compliance Officer (or his designated representative) will confirm the complaint pertains to a violation. Investigations will be conducted as quickly as possible, taking into account the nature and complexity of the complaint and the issues raised therein. Any complaints submitted pursuant to this policy that do not relate to a violation will be returned to the Reporting Person, unless the Reporting Person's identity is unknown.

(ii) The Chief Compliance Officer may enlist employees of the Adviser and outside legal, accounting and other advisors, as appropriate, to conduct an investigation of a complaint.

(iii) The results of each investigation will be reported timely to the Chief Compliance Officer, which will then apprise the Chief Executive Officer, and prompt and appropriate remedial action will be taken as warranted in the judgment of the Chief Executive Officer or as otherwise directed by the Chief Compliance Officer. Any actions taken in response to a complaint will be reported to the Reporting Person to the extent allowed by law, unless the complaint was submitted on an anonymous basis.

(iv) An Inside Reporting Person who is not satisfied with the outcome of the initial investigation or the remedial action taken with respect thereto, if any, may submit directly to the Chief Compliance Officer for its review a written complaint with an explanation of why the investigation or remedial action was inadequate. An Inside Reporting Person may submit a revised complaint on an anonymous basis in his sole discretion. The Inside Reporting Person should forward the revised complaint to the attention of the Chief Compliance Officer in the same manner as set out above for the original complaint.

(v) The Chief Compliance Officer will review the Reporting Person's revised complaint, together with documentation of the initial investigation, and determine in its sole discretion if the revised complaint merits further investigation. The Chief Compliance Officer will conduct a subsequent investigation to the extent and in the manner it deems appropriate. The Chief Compliance Officer may enlist employees of the Adviser and outside legal,

accounting and other advisors, as appropriate, to undertake the subsequent investigation. The Chief Compliance Officer or its designated representative will inform the Reporting Person of any remedial action taken in response to a Revised Complaint to the extent allowed by law, unless the complaint was submitted on an anonymous basis.

Retention of Complaints

The Chief Compliance Officer will maintain all complaints received, tracking their receipt, investigation, and resolution. All complaints and reports will be maintained in accordance with the Adviser's confidentiality and document retention policies.

Unsubstantiated Allegations

If a Reporting Person makes a complaint in good faith pursuant to this policy and any facts alleged therein are not confirmed by a subsequent investigation, no action will be taken against the Reporting Person. In submitting complaints, Reporting Persons should exercise due care to ensure the accuracy of the information reported. If, after an investigation, it is determined that a complaint is without substance or was made for malicious or frivolous reasons or otherwise submitted in bad faith, the Reporting Person could be subject to disciplinary action. Where alleged facts reported pursuant to this policy are found to be without merit or unsubstantiated: (i) the conclusions of the investigation will be made known to both the Reporting Person, unless the complaint was submitted on an anonymous basis, and, if appropriate, to the persons against whom any allegation was made in the complaint; and (ii) the allegations will be dismissed.

Reporting and Annual Review

The Chief Compliance Officer will submit periodic reports to the Chief Executive Officer of all complaints and any remedial actions taken in connection therewith. This policy will be reviewed annually by the Chief Compliance Officer, taking into account the effectiveness of this policy in promoting the reporting of Accounting Violations of the Adviser, but with a view to minimizing improper complaint submissions and investigations.

POLICY REGARDING LEGAL ENTITY CREATION

Purpose and Scope

The purpose of this policy regarding legal entity creation (this "Policy") is to ensure that the Company complies with applicable law with respect to the entities it creates through which to operate its business.

General Policy

Before any new legal entity may be created, it must be approved by the Company's Legal and Compliance Department. In order to submit a request for an entity to be formed, employees should send a completed copy of the Entity Formation Request Form to the Company's Legal and Compliance Department via email and request a new entity in the Company's Entity Management suite located on the H.O.M.E. page. A copy of the Entity Formation Request Form is attached as Exhibit K.

APPENDIX A

HIGHLAND CAPITAL MANAGEMENT, L.P

EMPLOYEE ACKNOWLEDGEMENT OF RECEIPT OF THE COMPLIANCE MANUAL OF HIGHLAND CAPITAL MANAGEMENT, L.P.

I certify that I have read and understand the policies and procedures presented in the Compliance Manual and recognize that I am subject to the terms and conditions contained herein. I have disclosed all personal brokerage accounts and holdings required to be disclosed or reported pursuant to the Code of Ethics procedures and will continue to do so.

_____

Print Name

_____ _____

Signature Date

Note: This is a copy of the form. This disclosure is submitted via PTS online.

APPENDIX B

HIGHLAND CAPITAL MANAGEMENT, L.P

RETENTION REQUIREMENT

DOCUMENT TYPE OR CATEGORY	RETENTION PERIOD
ACCOUNTING RECORDS	
Accounts Payable	7 Years
Accounts Receivable	7 Years
Audit Reports	Permanently
Cash Books	Permanently
Chart of Accounts	Permanently
Depreciation Schedules	Permanently
Expense Records	7 Years
Financial Statements (Annual)	Permanently
Fixed Asset Purchases	Permanently
General Ledger	Permanently
Inventory Records	7 Years
Invoices to and from Clients	7 Years
Journals	Permanently
Loan Payment Schedule	7 Years
Petty Cash Vouchers	3 Years
Purchase Orders	7 Years
Requisitions	1 Year
Sales Records	7 Years
Tax Returns	Permanently
Voucher Register, Schedules and Payment to Vendors	7 Years
BANK RECORDS	
Bank Reconciliations	2 Years
Canceled Checks (important payments such as taxes, purchases of property, special contracts, etc.)	Permanently
Canceled Checks (other than above)	8 Years

DOCUMENT TYPE OR CATEGORY	RETENTION PERIOD
Electronic Payment Records	7 Years
Loan Documents and Notes	Permanently
BUSINESS RECORDS	
Business Licenses	Permanently
Federal Government Contracts	3 Years after completion
Insurance Policies	Life of Policy plus 3 Years
Insurance Records (current accident reports, claims, etc.)	Permanently
Leases/Mortgages	Permanently
Patents/Trademarks	Permanently
Project Records	13 Years
EMPLOYEE BENEFIT PLANS	
Annual Report and Tax Forms	Permanently
Employee Communications Regarding Plans	Permanently
Participant Records	Permanently
Plan Asset Ownership Information	Permanently
EMPLOYMENT RECORDS	
Advertisements for Hiring	1 Year
Applications	3 Years
Child Labor Age Verification	3 Years after termination
EEO-1 Reports	Permanently
Employment Agreements and Contracts	Life of Contract plus 7 Years
Employment Taxes	Permanently
Earnings Records	3 Years
Employee Personnel Files, including background checks, individual attendance records, performance evaluations, communications regarding compensation, communications regarding discipline, termination papers, exit interview records, etc.	6 Years after termination
Hazardous Material Exposure/Monitoring	30 Years after termination

DOCUMENT TYPE OR CATEGORY	RETENTION PERIOD
I-9 Immigration	Later of 1 Year after termination or 3 Years after hiring
Leave dates and hours	3 Years after termination
Medical Certifications, Employee Medical History	3 Years after termination
Medical Exams required by law	30 Years after termination
Occupational injury and illness summary and details	5 Years
Payroll Records	7 Years
Pre-Employment Tests	1 Year
Savings Bond Registration of Employees	3 Years
W-4 Forms	4 Years
Worker's Compensation Documents	11 Years
REAL PROPERTY RECORDS	
Construction Records	Permanently
Deeds, Mortgages and Bills of Sale	Permanently
Leasehold Improvements	Permanently
Lease Payment Records	Life plus 4 Years
Property Appraisals	Permanently
Real Estate Purchases	Permanently

APPENDIX C

HIGHLAND CAPITAL MANAGEMENT, L.P

BOOKS AND RECORDS TO BE MAINTAINED IN CONNECTION WITH BUSINESS AS A REGISTERED ADVISER

The Advisers Act imposes a number of recordkeeping requirements on registered investment advisers. Set forth below are the books and records required to be maintained by registered investment advisers and the required periods of retention. The primary location for Highland Capital Management, L.P.'s books and records is 300 Crescent Court, Suite 700, Dallas, TX 75201. Some of these records are maintained by third parties such as administrators, transfer agents or custodians.

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
Business Records				
1	Partnership agreement and any amendments, certificate of formation and articles of incorporation, by-laws, charters, minute books, and stock certificate books.	Onsite until the termination of the entity, plus 3 years.	204-2 (e)(2)	
2	Copies or originals of all written agreements relating to the adviser's business. Examples of such agreements include: • Contracts with third-party vendors; • Employment contracts; and • Rental agreements and property leases.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(10)	
3	Books of original entry, including cash receipt and disbursement records, and any other records of original entry forming the basis of entries in any ledger.		204-2(a)(1)	
4	General and auxiliary ledgers reflecting asset, liability, reserve, capital, income and expense accounts.		204-2(a)(2)	

[6] Many required records must be kept for five years after the end of the fiscal year in which the record was created or last altered. In the interest of simplicity, and to prevent premature destruction, the retention period for these items has been stated as six years.

Document		Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
5	Bank account information, including checkbooks, bank statements, canceled checks and cash reconciliations.		204-2(a)(4)	
6	Bills and statements, paid or unpaid, relating to the business of the adviser.		204-2(a)(5)	
7	Trial balances and financial statements, including the income statement and balance sheet.		204-2(a)(6)	
8	Any internal audit working papers.			
Compliance and Internal Control Records				
1	Compliance policies and procedures adopted pursuant to Rule 206(4)-7(a).	Onsite, unless it has been more than 6 years since the policies and procedures were in effect.	204-2(a)(17)(i)	
2	Any records documenting the adviser's periodic review of its compliance policies and procedures.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(17)(ii)	
3	Originals of any written Client complaints, and copies of the adviser's written responses.		204-2(a)(7) (generally)	
Code of Ethics and Personal Trading Records				
1	A copy of the adviser's code of ethics currently in effect, or that was in effect at any time within the past six years.	Onsite, unless it has been more than 6 years since this version of the code of ethics has been in effect.	204-2(a)(12)(i)	
2	A record of any violation of the adviser's code of ethics, and any action taken as a result of the violation.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(12)(ii)	
3	A record of all written acknowledgements of receipt of the code of ethics for each person who is, or within the past six years was, a Supervised Person of the adviser.	Onsite, unless it has been at least 6 years since the individual has	204-2(a)(12)(iii)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
		been a Supervised Person.		
4	A record of each report made by an Access Person regarding personal securities transactions and holdings, or copies of any associated account statements and trade confirmations provided by broker-dealers and custodians.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(13)(i)	
5	A record of the names of people who are, or within the past six years were, Access Persons of the investment adviser.	Onsite, unless it has been at least 6 years since the individual was an Access Person.	204-2(a)(13)(ii)	
6	A record of any decision, and the reasons supporting the decision, to approve an Access Person's investment in an IPO or Private Placement.	Onsite, unless it has been more than 6 years since the approval was granted.	204-2(a)(13)(iii)	
Communications and Client Relationship Records				
1	Originals of all written communications received, and copies of all written communications sent, by the adviser relating to: • Any recommendation or advice that was made or proposed; • Any receipt, disbursement, or delivery of funds or securities; and • The placing or execution of any order to trade a security. The adviser need not retain unsolicited, generally-distributed communications (commonly known as "junk mail"), as long as the communications were not prepared by or for the adviser.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(7)	
2	A copy of each Part 2 of Form ADV provided to any Client or prospect, as well as a record of the dates during which each version is used.		204-2(a)(14)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
3	A list of all accounts over which the adviser has discretionary authority.		204-2(a)(8)	
4	Copies or originals of all powers of attorney or other documents granting the adviser discretionary authority.		204-2(a)(9)	
5	Copies or originals of all written agreements between the adviser and any Client. Such agreements may include: • Investment advisory contracts; • Fee schedules; • Clients' investment objectives or restrictions; and • Directed brokerage arrangements.		204-2(a)(10)	
6	Documentation necessary to demonstrate a reasonable belief that any investors in publicly offered Private Funds are accredited.		Regulation D (generally)	
Marketing and Performance Records				
1	A copy of each notice, advertisement, investment letter, or other communication that the adviser sends, directly or indirectly, to any person outside of the adviser. If such communication recommends the purchase or sale of a specific security but does not state the reasons for such recommendation, the adviser must retain a memorandum indicating the reasons for the recommendation. If the advertisement was sent to any recipient named on a list, the adviser must retain a description of the list and its source along with the advertisement.	Onsite for 2 years, easily accessible for 6 years total, measured from the time when the adviser stops distributing the advertisement.	204-2(a)(11) and 204-2(a)(7)	
2	All accounts, books, internal work papers, and any other records or documents necessary to form the basis for, or demonstrate the calculation of, any performance or rate of		204-2(a)(16)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
	return figures presented in any communication sent directly or indirectly to any person outside of the adviser. An adviser may satisfy its obligations under this rule by retaining all account statements reflected in the performance presentation and all work papers necessary to demonstrate the performance calculations, so long as the account statements reflect all debits, credits, and other transactions in a Client's account for the period of the statement.			
Cash Solicitation Records				
1	Copies of each solicitor's separate disclosure document and originals of each solicited Client's acknowledgement of receipt of the solicitor's disclosure document and Part 2 of the adviser's Form ADV.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(15)	
2	Copies of all written agreements between the adviser and any solicitors, as required by Rule 206(4)-3.		204-2(a)(10)	
Records Relating to Political Contributions				
1	The names, titles and business and residence addresses of all "covered associates" of the investment adviser (as defined by Rule 206(4)-(5).	Onsite for 2 years and easily accessible for 6 years total, but only if XYZ has any Clients or Investors that are government entities.	204-2(a)(18)(i)(A)	
2	All government entities that were Clients or Investors in the past five years, but not prior to September 1, 2010.		204-2(a)(18)(i)(B)	
3	All direct or indirect contributions made by the adviser or any of its covered associates to an official of a government entity, or direct or indirect payments to a political party of a state or political subdivision thereof, or to a political action committee. These records shall be maintained in		204-2(a)(18)(i)(C)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
	chronological order and indicate the name and title of each contributor, the name and title of each recipient, the amount and date of each contribution, and whether the contribution was the subject of the exception for certain returned contributions.			
4	The name and business address of each entity to which the adviser provides or agrees to provide, directly or indirectly, payment to solicit a government entity for investment advisory services on its behalf.	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(18)(i)(D)	
Trading and Account Management Records				
1	A trade ticket (or order memorandum) showing (i) each order given by the adviser for the purchase or sale of any security; (ii) any instruction received by the adviser concerning the purchase, sale, receipt, or delivery of any security; and (iii) any modification or cancellation of any such order or instruction. Each trade ticket must show: • The terms and conditions of the order, instruction, modification, or cancellation, (including a security identifier, the number of shares, the price, the commission, and the order type, among other things); • The person connected with the adviser who recommended the transaction to the Client and the person who placed the order; • The Client account for which the transaction was entered; • The date of entry; • The bank, broker, or dealer by or through whom the transaction was executed;	Onsite for 2 years, easily accessible for 6 years total.	204-2(a)(3)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
	• Any applicable trade allocation information; and • Whether the order was entered pursuant to discretionary authority. If applicable, each trade ticket should also document the pre-trade allocation and any deviations from the allocation made after execution.			
2	Research files documenting the reasonable basis for the adviser's investment recommendations. Such documentation may include third-party research, as well as analyses prepared by Employees.		204-2(a)(7) (generally)	
3	Records showing separately, for each Client for which the adviser provides investment supervisory or management services, the securities purchased and sold, and the date, amount, and price of each such purchase and sale.	Onsite for 2 years, easily accessible for 6 years total.	204-2(c)(1)(i)	
4	For each security currently held by any Client for which the adviser provides investment supervisory or management services, information from which the adviser can promptly furnish the name of each such Client and the Client's current interest in the security.	Information must be kept current.	204-2(c)(1)(ii)	
5	For each private fund, a description of: • the amount of assets under management and use of leverage, including off-balance-sheet leverage; • A measure of counterparty credit risk exposure; • Valuation policies and practices of the fund; • Side arrangements or side letters, whereby certain investors in a fund obtain more favorable rights or entitlements than other investors; and • Trading practices	Onsite for 2 years, easily accessible for 6 years total.	Section 204(b)(3)	
With Respect to Clients for whom the Adviser Exercises Proxy Voting Authority				
1	Copies of all proxy voting policies and procedures required by Rule 206(4)-6.		204-2(c)(2)(i)	

	Document	Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
2	A copy of each proxy statement that the adviser receives regarding Client securities. However, an adviser may satisfy this requirement by relying on a third party to retain a copy of the proxy statement on the adviser's behalf, so long as the adviser has obtained an undertaking from the third party to provide a copy of the proxy statement promptly upon request. An adviser may also satisfy this requirement by relying on proxy statements available from the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.	Onsite for 2 years, easily accessible for 6 years total.	204-2(c)(2)(ii)	
3	A record of each vote cast by the adviser on behalf of a Client. An adviser may satisfy this requirement by relying on a third party to retain, on the adviser's behalf, a record of each vote cast, so long as the adviser has obtained an undertaking from the third party to provide a copy of the record promptly upon request.		204-2(c)(2)(iii)	
4	A copy of any document created by the adviser that (a) was material to deciding how to vote proxies on behalf of a Client, or (b) memorializes the basis for a proxy voting decision.		204-2(c)(2)(iv)	
5	A copy of each written request for information regarding how the adviser voted proxies on behalf of a Client, and a copy of any associated written response by the adviser to any written or oral Client request for such information.		204-2(c)(2)(v)	
With Respect to Accounts over which the Adviser has Custody or Possession of Client Funds or Securities				
1	A journal or record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for all such accounts.	Onsite for 2 years, easily accessible for 6 years total.	204-2(b)(1)	
2	A separate ledger account for each such account showing all purchases, sales, receipts and deliveries of securities, as well as the dates of any such transactions, debits, and credits.		204-2(b)(2)	
3	Copies of confirmations of all trades effected by or for any such account.		204-2(b)(3)	

Document		Required Retention Period[6]	Relevant Advisers Act Rule	Responsible Person or Group
4	A record of each security held by any such account showing each relevant Client's name and interest, and the location of each such security.		204-2(b)(4)	
5	Any memorandum describing the basis upon which XYZ has determined that an affiliated entity with custody of Client assets is "operationally independent" from XYZ.		204-2(b)(5)	
6	A copy of any internal control report regarding the internal custodial controls of XYZ, or any affiliate, that acts as a Qualified Custodian with respect to Client funds or securities.		204-2(a)(17)(iii)	
Notes				
The location of any required records stored offsite must be disclosed in Part 1 of Form ADV.				
Pursuant to Rule 204-2(d), an adviser may use numerical or alphabetical codes to protect the identity of its Clients.				
An adviser will not be deemed to have violated Rule 204-2(a)(13) for failing to record securities transactions or holdings, so long as the adviser can demonstrate that it has instituted adequate procedures and used reasonable diligence to obtain all required reports.				

APPENDIX D

HIGHLAND CAPITAL MANAGEMENT, L.P

PRIVACY POLICY

General

As part of the firm's annual requirement, Highland Capital Management, L.P. ("the Company" or "Highland Capital") is mailing its privacy policy to each of its individual clients. Highland Capital has adopted certain procedures designed to maintain and secure the non-public personal information of its clients from inappropriate disclosure to third parties. The policy is designed to meet the standards set forth in the federal regulations.

We are committed to keeping personal information collected from potential, current and former clients confidential and secure. The proper handling of personal information is one of our highest priorities. The Company never sells information relating to its clients to any outside third parties.

The Privacy Policy will be provided to customers initially upon establishing an account and annually or upon request.

Nonpublic Information

We collect and keep only information that is necessary for us to provide the services requested by our clients and to administer clients' business with the Company.

We may collect non-public personal information from clients or potential clients:

- From clients when they complete an application or other form, as well as through written and electronic correspondence and telephone contacts. This includes information such as name, address, social security number, assets, income, net worth, copies of financial documents and other information deemed necessary to evaluate the Client's financial needs.
- As a result of transactions with the Company, its affiliates or others. This could include transactions completed with the Company or information received from outside vendors to complete transactions or to effect financial goals.

Sharing Nonpublic Information

In the normal course of business, the Company may share the non-public personal information of its clients with non-affiliated companies or individuals (i) as permitted by law and as required to provide services to our clients, such as with representatives within the Company, administrators, securities clearing firms, mutual fund companies, insurance companies and other financial services providers, or (ii) to comply with legal or regulatory requirements. The Company may also disclose non-public personal information to another financial services provider in

connection with the transfer of an account to such financial services provider. Further, in the normal course of our business, the Company may disclose information it collects about clients to companies or individuals that contract with the Company to perform servicing functions such as:

- Record keeping
- Computer-related services

Good faith disclosure to regulators who have regulatory authority over the Company.

Companies hired to provide support services are not allowed to use personal information for their own purposes and are contractually obligated to maintain strict confidentiality. The Company limits use of personal information to the performance of the specific service requested.

We do not provide personally identifiable information to mailing list vendors or solicitors for any purpose. When we provide personal information to service providers, we require these providers to agree to safeguard such information, to use the information only for the intended purpose and to abide by applicable law.

Internet Access

The Company maintains a corporate website. Any information gathered through the Company's website will be treated in accordance with this Privacy Policy.

Employee Access to Information

Only employees with a valid business reason have access to clients' personal information. These employees are educated on the importance of maintaining the confidentiality and security of this information. They are required to abide by our information handling practices.

Protection of Information

We maintain security standards to protect clients' information, whether written, spoken, or electronic. The Company updates and checks its systems to ensure the protection and integrity of information.

Maintaining Accurate Information

Our goal is to maintain accurate, up to date Client records in accordance with industry standards. We have procedures in place to keep information current and complete, including timely correction of inaccurate information.

Electronic Communication

Should clients send us questions and comments via e-mail, we will share the Client's correspondence only with those employees or agents most capable of addressing the Client's questions and concerns.

We will retain all written communication until we have done our very best to provide the Client with a complete and satisfactory response. Ultimately, we will either discard the communication or archive it according to the requirements under applicable securities laws.

Please note that, unless expressly advised otherwise, our e-mail facilities do not provide a means for completely secure and private communications between us and our clients. Although every attempt will be made to keep Client information confidential, from a technical standpoint, there is still a risk. If the Client wishes, communications with us may be conducted via telephone or by facsimile. Additional security is available to clients if they equip their Internet browser with 128-bit "secure socket layer" encryption, which provides more secure transmissions.

Disclosure of our Privacy Policy

We recognize and respect the privacy concerns of our potential, current and former clients. We are committed to safeguarding this information. As a member of the financial services industry, we are providing this Privacy Policy for informational purposes to clients and employees and will distribute and update it as required by law. It is also available upon request.

****

Annual Offering of the Form ADV Part 2

As part of the firm's annual requirement, Highland Capital is making an offering of its Form ADV Part 2 to all Clients. Clients can request a copy of the firm's Form ADV Part 2A at no charge by calling 972-628-4100.

APPENDIX E

HIGHLAND CAPITAL MANAGEMENT, L.P

"BAD ACTOR" DISQUALIFICATION EVENT QUESTIONNAIRE

Instructions

The purpose of this Questionnaire is to obtain information from you in connection with an offering (the "***Offering***") of limited partner interests/shares (the "***Securities***") by Fund's advised by Highland Capital Management, L.P. or its affiliates (the "***Fund***"), under Rule 506 of the Securities Act of 1933 (the "***Securities Act***") regarding certain convictions, orders, bars or expulsions that could either prevent the Fund's use of Rule 506 or require disclosure to potential investors.

Please answer every question.

If your answer is "Yes," please provide details in the explanation. Unless otherwise stated, your answers should be given as of the date you sign this Questionnaire. Certain questions are necessarily broad in scope, so if you have doubts regarding whether something should be included in your response, please err on the side of over-inclusion. The Questionnaire provides space after each question for an explanation. Please include a summary of all material facts in the provided space, including but not limited to, as appropriate, (i) the date of the order, conviction, bar, suspension, expulsion or injunction, (ii) the nature of the offense or conviction (including whether it is a felony or misdemeanor), (iii) the sentence received, (iv) the court or authority issuing the order or judgment or imposing the bar or suspension and (v) the dates for which the bar, suspension or expulsion is or will be in effect. If any response does not fit in the allotted space, please continue your explanation in the "Continuation Page" in Annex B. The Fund may have additional follow-up questions for you in connection with your responses. Note that certain terms used in this Questionnaire, which first appear in italics, have technical meanings and are defined in Annex A hereto.

If you have any questions, please contact the Compliance Department.

1. **Name, Address, Telephone Number and Email**

Your full name (name of the entity if not an individual):

_____

_____

Please provide all previous, assumed, "doing business as," or fictitious names or aliases:

_____

_____

2. **Have you been convicted, within the past ten years (or five years, in the case of the Fund's affiliated issuers), of any felony or misdemeanor:**

- in connection with the purchase or sale of any security;
- involving the making of any false filing with the SEC; or
- arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment advisor or paid solicitor of purchasers of securities?

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

3. **Are you subject to any order, judgment or decree of any court of competent jurisdiction, entered within the past five years, that currently restrains or enjoins you from engaging or continuing to engage in any conduct or practice:**

- in connection with the purchase or sale of any security;
- involving the making of any false filing with the SEC; or
- arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities?

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

4. **Are you subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:**

- Currently bars you from:
  - association with an entity regulated by such commission, authority, agency or officer;
  - engaging in the business of securities, insurance or banking; or
  - engaging in savings association or credit union activities; or
- constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within the past ten years?

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

5. **Are you subject to an order of the SEC entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or section 203(e) or 203(f) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") that currently:**

- suspends or revokes your registration as a broker, dealer, municipal securities dealer or investment adviser;
- places limitations on the activities, functions or operations of, or imposes civil money penalties on, such person; or
- bars you from being associated with any entity or from participating in the offering of any penny stock?

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

6. **Are you subject to any order of the SEC, entered within the past five years, that, currently orders you to cease and desist from committing or causing a violation or future violation of:**

- any scienter-based anti-fraud provision of the federal securities laws, including, without limitation, Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Advisers Act or any other rule or regulation thereunder; or
- Section 5 of the Securities Act.

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

7. **Are you currently suspended or expelled from membership in, or suspended or barred from association with a member of, a securities self-regulatory organization (e.g., a registered national securities exchange or a registered national or affiliated securities association) for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade?**

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

8. **Have you filed (as a registrant or issuer), or were you named as an underwriter in any registration statement or Regulation A offering statement filed with the SEC that, within the past five years, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is currently the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued?**

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

9. **Are you subject to a United States Postal Service false representation order entered within the past five years, or are you currently subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations?**

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

10. **Are you the subject of any ongoing proceeding, arbitration, action, indictment or charge that if resolved against you or such person could result in a "yes" answer to any of the above questions?**

☐ Yes. If yes, please explain:

_____

_____

_____

☐ No.

11. **If you responded "yes" to any of the questions above, have you obtained a waiver from disqualification under Rule 506(d) either (i) from the SEC or (ii) from the court or regulatory authority that entered the relevant order, judgment or decree?**

☐ Yes. If yes, please explain. In your explanation, please include (i) the party which granted such waiver and (ii) the date such waiver was granted.

_____

_____

_____

☐ No.

Signature Page Follows

The undersigned understands and acknowledges that the Fund will rely upon the information provided in this Questionnaire. The undersigned acknowledges that the SEC may require the Fund to disclose the information provided in this Questionnaire to potential investors and consents to such disclosure. The undersigned agrees to immediately notify the Fund in writing (by email or fax notice to the person identified on the cover of this Questionnaire) if any information furnished in this Questionnaire becomes inaccurate, incomplete or otherwise changes after the date listed below (including but not limited to in the status of the information reported herein any new relationships that may develop in the future) and to furnish any supplementary information that may be appropriate as a result of any developments. The undersigned certifies that the information contained in this Questionnaire is true, correct and complete, to the best of the knowledge and belief of the undersigned after a reasonable investigation, as of the date listed below.

_____ _____

Date *Signature*

_____

Printed Name of the Signatory

Annex A

Definitions

"***Affiliate***" means a person or entity that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, another person or entity.

"***Compensated Solicitor***" means any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of Securities.

"***Executive Officer***" means the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the issuer, including executive officers of an affiliate of the issuer if such executive officers perform policy making functions for the relevant entity. Executive officers of subsidiaries may be deemed executive officers of the parent if they perform policy making functions for the parent.

"***Final Order***" means a written directive or declaratory statement issued by a federal or state agency described in Rule 506(d)(1)(iii) under the Securities Act of 1933 under applicable statutory authority that provides for notice and an opportunity for a hearing, which constitutes a final disposition or action by that federal or state agency. An order may still be subject to appeal and still be deemed to constitute a "final order."

"***participating in the offering***" can encompass, but is not limited to, activities such as participation or involvement in due diligence activities related to the offering, involvement in the preparation of disclosure documents, and communications with the issuer, prospective investors or other offering participants. Whether activities are considered ***participating in the offering*** is a question of fact.

"***Promoter***" includes (i) any person who, acting alone or in conjunction with one or more other persons, directly or indirectly takes initiative in founding and organizing the business or enterprise of an issuer; or (ii) any person who, in connection with the founding and organizing of the business or enterprise of an issuer, directly or indirectly receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of such securities. However, a person who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this paragraph if such person does not otherwise take part in founding and organizing the enterprise.

"***SEC***" means the U.S. Securities and Exchange Commission.

"***You***" means the person identified on the signature page of this Questionnaire. If you are a compensated solicitor, "you" means the person identified on the signature page along with (i) the compensated solicitor's directors, executive officers and any other officers participating in the offering, (ii) any of the compensated solicitor's general partners or managing members, and (iii) any directors, executive officers and any officers participating in the offering of such general partner or managing member. Any responses for persons described in (i), (ii) or (iii) above should be made after due inquiry and any explanation provided should identify the person that was the subject of the conviction, order, suspension, bar, expulsion or injunction.

Annex B

Continuation Page

APPENDIX F

HIGHLAND CAPITAL MANAGEMENT, L.P

NON-DISCRETIONARY ACCOUNT CERTIFICATION

Employee Name: [NAME]

This certification is being distributed to all employees who have disclosed to the firm one or more of their "Personal Trading Accounts" includes a trust or third-party managed account. Rule 204A-1 requires registered advisers' directors, officers, partners and supervised persons who have access to nonpublic information regarding securities transactions (collectively, "access persons") to report their personal securities holding and transactions. Further, the Rule provides an exemption from reporting holding and transactions for those accounts which an access person has no direct or indirect influence or control. The access person still retains direct or indirect influence or control if the access person can (i) suggest purchases or sales of investments in the account to the trustee or third-party manager; (ii) direct transactions within the account; or (iii) consult with the trustee or third-party manager regarding allocation of investments in the account.

Please disclose the account information in the table below for each account which has been disclosed to the firm as third-party managed or a trust.

Account Name and Number	Third Party Manager Name, Address, and Phone Number	Relationship to Third-Party Manager

Please answer the following questions as they relate to the accounts listed above.

Please note that the questions below do not apply to discussions in which a trustee or third-party manager simply summarizes, describes, or explains account activity, without receiving directions or suggestions from the Employee.

1. Do you suggest purchases or sales of investments to the trustee or third-party discretionary manager?

   ☐ Yes ☐ No

2. Do you direct purchases or sales of investments in any of the trusts or third-party managed accounts?

☐ Yes ☐ No

3. Do you consult with the trustee or third-party discretionary manager as to the particular allocation of investments to be made in any of the trusts or third-party managed accounts?

☐ Yes ☐ No

Certification

I hereby certify that the information provided in the foregoing Non-Discretionary Account Certification is complete, accurate and correctly stated to the best of my knowledge, information and belief. I understand that if any of the answers to the above questions should change I will inform the appropriate personnel.

I further understand that the Firm may request a sample of holdings reports and/or transactions made in any and/or all trust and third-party managed accounts to identify transactions that would have been prohibited pursuant to Highland Capital Management L.P.'s code of ethics, absent reliance on the reporting exception.

_____

Signature

_____

Print Name

_____

Date

APPENDIX G

HIGHLAND CAPITAL MANAGEMENT, L.P

INDUSTRY EXPERTS OR SIMILAR CONSULTANTS DISCLOSURE STATEMENT

All experts or similar consultants are required to acknowledge the following:

Highland Capital Management, L.P. ("Highland") is committed to maintaining the highest ethical standards. Before talking to anyone we ask that you confirm that you:

- are aware of your obligations under the Terms & Conditions or other applicable agreement or code of conduct of the organization which has provided us an introduction to you, and that you will comply with those obligations;
- will not provide to anyone at Highland material, nonpublic information about any company whose securities are traded in a public or private market; and
- will not discuss any specific company whose securities are traded in a public or private market to which you owe any duty of confidentiality or trust, including, but not limited to, any current employers or former employers with whom you have been employed within the previous six months.

In agreeing to talk with someone from Highland you confirm the points above and agree to be bound by them.

* * *

Note: The applicable Highland investment personnel must identify to Highland Compliance the proposed experts or similar consultants prior to any conversation and have received confirmation from Highland Compliance that such persons have acknowledged the foregoing prior to any conversation.

APPENDIX H

HIGHLAND CAPITAL MANAGEMENT, L.P

INDUSTRY EXPERTS OR SIMILAR CONSULTANTS PROCEDURES AND CHECKLIST

Checklist for Use with Industry Experts or Similar Consultants

HIGHLAND CAPITAL MANAGEMENT, L.P. CHECKLIST

In connection with each and every teleconference or discussion with an expert or consultant, each Highland Capital Management, L.P. ("Highland") employee present for the discussion must complete this form for each expert/consultant present.

Date and time of teleconference or discussion: _____

Highland employee(s) present: _____

Expert/consultant(s) present: _____

Name of organization providing introduction to expert/consultant: _____

Any others present: _____

Issuer(s) discussed (list): _____

_____

_____

* * * * *

At the outset of the call or discussion, the expert/consultant confirmed the following (required to certify if separate confirmation not received prior to call):

☐ The expert/consultant confirmed that he or she is aware of his or her obligations under the Terms and Conditions or other applicable agreement or code of conduct of the organization which provided Highland an introduction to the expert/consultant, and he or she will comply with those obligations.

☐ The expert/consultant confirmed that he or she will not provide to anyone at Highland any material, nonpublic information about any company whose securities are traded in a public or private market, without Highland's prior consent.

☐ The expert/consultant confirmed that he or she will not discuss any specific company whose securities are traded in a public or private market to which the expert/consultant owes any duty of confidentiality or trust, including any current or former employers.

If an expert/consultant does not, or reportedly cannot, confirm each of the above, inquire as to the reasons for the expert's/consultant's inability to do so, stop the call, and consult the Chief Compliance Officer for further guidance.

* * * * *

Following the call, all Highland analysts and/or employees who were present for the call must confirm:

☐ You did not become aware of any information that you believe, or have reason to believe, may be material and nonpublic concerning any issuer whose securities are traded in a public market.

☐ If the call was held with an expert who is currently or has in the previous six (6) months been an employee, officer or director of a private company, you did not become aware of any information that you believe, or have reason to believe, may be material and nonpublic related to such private company.

If you cannot confirm each of the above for whatever reason, please consult the Chief Compliance Officer for further guidance. Please provide a copy of this checklist to the Chief Compliance Officer upon completion.

Signed by: _____

Name:

Title:

APPENDIX I

HIGHLAND CAPITAL MANAGEMENT, L.P

POLITICAL INFORMATION FIRMS OR SIMILAR POLITICAL CONSULTANTS DISCLOSURE STATEMENT

You or your firm has been identified as a political information firm or similar political consultant that may enter into discussions with Highland and affiliated investment personnel. In agreeing to speak with any such personnel, you confirm each of the following prior to any conversation:

- you will not knowingly provide material, nonpublic information about any regulatory or statutory matters or any company whose securities are traded in a public or private market, without our prior explicit written consent; and
- you will not put us in contact with any consultant or employee who is known or believed to have confidential access to pending or proposed government rules, regulations or statutes; and
- you maintain policies and procedures designed to prevent passing non-public information to your clients; and
- you enforce your policies and regularly monitor compliance with those policies.

For the purposes of the above confirmations, information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. "Non-public information" is information that is not generally known or available to the public. "Knowingly, as used herein shall include actual knowledge or facts and circumstances with respect to which a reasonably diligent party would have discovered the facts in question."

Acknowledged and agreed to
this _____ day of _____, 20__.

By:_____

Name:_____

Title:_____

APPENDIX J

HIGHLAND CAPITAL MANAGEMENT, L.P

POLITICAL EXPERTS OR SIMILAR CONSULTANTS PROCEDURES AND CHECKLIST

Checklist for Use with Political Experts or Similar Consultants

HIGHLAND CAPITAL MANAGEMENT, L.P. CHECKLIST

In connection with each and every teleconference or discussion with a political expert or consultant, each Highland Capital Management, L.P. ("Highland") employee present for the discussion must complete this form for each expert/consultant present.

Date and time of teleconference or discussion: _____

Highland employee(s) present: _____

Political expert/consultant(s) present: _____

Name of organization providing introduction to expert/consultant: _____

Any others present: _____

Issuer(s) discussed (list): _____

_____

_____

* * * * *

At the outset of the call or discussion, the expert/consultant confirmed the following (required to certify if separate confirmation not received prior to call):

☐ The political expert/consultant confirmed that he or she is aware of his or her obligations under the Terms and Conditions or other applicable agreement or code of conduct of the organization which provided Highland an introduction to the expert/consultant, and he or she will comply with those obligations.

☐ The political expert/consultant confirmed that he or she is not known or believed to have confidential access to pending or proposed government rules, regulations or statutes.

If a political expert/consultant does not, or reportedly cannot, confirm each of the above, inquire as to the reasons for the expert's/consultant's inability to do so, stop the call, and consult the Chief Compliance Officer for further guidance.

* * * * *

Following the call, all Highland analysts and/or employees who were present for the call must confirm:

☐ You did not become aware of any information that you believe, or have reason to believe, may be material and nonpublic concerning any issuer whose securities are traded in a public or private market.

If you cannot confirm each of the above for whatever reason, please consult the Chief Compliance Officer for further guidance. Please provide a copy of this checklist to the Chief Compliance Officer upon completion.

Signed by: _____

Name:
Title:

APPENDIX K

HIGHLAND CAPITAL MANAGEMENT, L.P

ENTITY FORMATION REQUEST FORM

INSTRUCTIONS: PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS AND SEND THE COMPLETED FORM TO HKIM@HIGHLANDCAPITAL.COM. IF OUTSIDE COUNSEL IS CREATING THIS ENTITY ON YOUR BEHALF PLEASE DISCLOSE ALL ENTITY DETAILS ON THIS FORM AND SEND IT TO HKIM@HIGHLANDCAPITAL.COM.

Requesting Person: _____

Will Outside Counsel create this entity on your behalf? _____

If Outside Counsel is preparing the formation documents, please provide the firm name, the contact at the firm and his/her phone number
No

_____

Primary Name Choice for New Entity: _____

Secondary Name of Entity (if the primary is unavailable):_____

Physical Address of Entity: _____

Type of Entity: (e.g. Limited Partnership, LLC, etc.): _____

Does the entity need to have a Form 8832 filed to elect to be a certain type of taxable entity (e.g. an LLC can elect to be treated as a corporation)?_____

Reason for its Formation: _____

Date Business Started: _____

Entity's EIN: _____

If an EIN has not been obtained for this entity, please indicate if Outside Counsel or HCMLP will obtain the EIN for this entity:_____

_____

Will this entity have employees? _____

List of Owners, Tax Residency, Their Addresses, Their EINs & Their Respective Ownership Percentages:

_____

_____

_____

_____

Who is the General Partner (if not applicable, please write N/A)? _____

Who is the Tax Matters Partner (the entity that makes the tax election, has to be a partner in the partnership)? __

Has an Entity Formation Request Form been completed for the GP entity (if not, please do so)? _____

Place of Formation/Incorporation (e.g. Bermuda, Delaware, Texas, etc.): _____

Will this entity have nexus in Texas (e.g. an office or property, employees, officers/directors and/or books and records kept or located in Texas)? _____

What is the desired Initial Capitalization? _____

Who is the responsible investment/front office contact (who will be responsible for the quarterly updates)? _____

Who will be responsible for preparing financial statements for the entity (e.g. balance sheet & income stmt)? ___

Who will be responsible for filing tax returns and state returns and annual reports? If Highland tax department who is your preferred service provider (Big 4 firm, local firm or cheapest based on bids)? _____

Who will be the contact for paying invoices for the entity (e.g. Delaware annual report fees or registered agent fees or any tax preparation fees)? _____

If formed as a result of a transaction, please provide the following: detailed description of the transaction, copy of link of transaction documents, and tax opinion regarding transaction if applicable (provide to Mark Patrick if privileged).

If the entity is foreign, describe the entity's primary business activity or reason for creation

_____
_____
_____

If the entity is foreign, determine if the entity will perform any of the following activities (If you answer "Yes" to any of the following, please contact Tax Compliance).

Accept deposits for customers in the ordinary course of business and provides extensions of credit; purchases, sells, negotiates instruments that are evidence of indebtedness; issues letter of credit; provides trust or fiduciary services; finances FX transactions; or transacts in finance leases leased assets.	___ Yes	___ No
Holds financial assets for the account of others as a substantial portion of its business, i.e., gross income attributable to the holding of financial assets and related financial services equals or exceeds 20 percent of the entity's gross income.	___ Yes	___ No
Primarily conducts as a business for customers either trading in money market instruments, foreign currency, foreign exchange, interest rate and index instruments, transferable securities, commodity futures; or individual or collective portfolio management; or otherwise investing, administering or managing funds, money or financial assets on behalf of customers.	___ Yes	___ No
The entity's gross income is primarily attributable to investing, reinvesting or trading in financial assets and the entity is managed by an entity that performs any of the aforementioned activities.	___ Yes	___ No
Functions or holds itself out as an investment vehicle (e.g., hedge fund, private equity fund) with an investment strategy of investing, reinvesting or trading in financial assets.	___ Yes	___ No
Is an insurance company or the holding company for an insurance company that issues, or is obligated to make payments with respect to, a cash value insurance contract or annuity contract.	___ Yes	___ No

Is a foreign holding company, i.e., primarily activity consists of holding (directly or indirectly) all or part of the stock in another entity, or is formed or availed of by an investment vehicle (e.g., hedge fund, private equity fund) established with an investment strategy of investing, reinvesting or trading in financial assets.

___ Yes ___ No

APPENDIX L

HIGHLAND CAPITAL MANAGEMENT, L.P

REAL ESTATE INVESTMENT OPPPORTUNITY ALLOCATION TEMPLATE

Date: [_____]

RE: [_____]

See attached Investment Opportunity Summary for investment and property details.

Note: Investment Opportunities that are not suitable for any Client accounts or with respect to which all Client interest has already been satisfied may be allocated to one or more proprietary accounts.

(Check applicable boxes)

	Fund 1	Fund 2	Fund 3	Fund 4	Notes
I. Investment Objectives					
Does the investment fit into the Client account's investment objectives? *If investment is not suitable, the remainder of the column does not need to be completed.*	[Yes]/ [No]	[Yes]/ [No]	[Yes]/ [No]	[Yes]/ [No]	
II. Availability					
Does the Client account have available cash (including availability under lines of credit) to acquire the investment? *If no, investment is not suitable and the remainder of the column does not need to be completed.*	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	
III. Income Tax Effects					
Are there negative income tax effects on the Client account relating to the purchase?	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	

IV. Concentration / Diversification					
Are there geographic concentration/ diversification concerns for the Client account relative to the investment?	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	
Are there asset class concentration/ diversification concerns for the Client account to the investment?	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	
V. Financial					
Is the acquisition accretive for FFO/MFFO/AFFO and distribution coverage?	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	
VI. Strategic					
Does the Client account have an existing relationship with the tenant(s), operator, facility, or system associated with the investment that would make the investment strategically more important?	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	[Yes]/ [No]/ [N/A]	

Based on the foregoing, the allocation is:_____

If an investment opportunity remains equally suitable for more than one of the above-named entities, the investment opportunity will be offered to the REIT that has had the longest period of time elapse since it was offered an investment opportunity. However, in circumstances where an investment opportunity is suitable for more than one account, but fits within the primary investment objective of only a subset of such accounts, then such opportunity may be allocated solely to the account or accounts having such primary investment objective.

Additional Considerations:

[Given that time is of the essence in order to secure the potential investment opportunity, _____ (the "Adviser"), is willing to enter into the purchase agreement in advance of a final Client suitability determination and the Adviser is willing to advance the earnest money necessary to secure the agreement, with the understanding that following an allocation determination, the Client(s) to which such allocation is made will have a pro rata obligation to reimburse the Adviser for the full amount of any advanced earnest money or other advanced expenses in proportion to their respective allocation

of the investment. In the event no such allocation is ever made, the Adviser will bear full risk of forfeiture of any non-refundable earnest money or expenses.]