

# RECURRENT

## INVESTMENT ADVISORS

### Form ADV Part 2 Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Recurrent Investment Advisors LLC (“Recurrent,” the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (832) 241-5900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Recurrent also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Recurrent is 288694.

*Recurrent is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.*

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Brochure prepared on March 17, 2025

## Item 2 Material Changes

This Brochure contains updated information about Recurrent’s business since the last annual update dated March 22, 2024. This section of the Brochure will address only those “material changes” that have been incorporated since the last delivery of this document on the SEC’s public disclosure website (IAPD).

Because there have been no material changes to Recurrent’s business, there are no material changes in this updated Brochure.

Recurrent will ensure that you receive a summary of any material changes to this Brochure and subsequent Brochures within 120 days of the close of our fiscal year. Recurrent may also provide other ongoing disclosure information about material changes as necessary and provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Recurrent’s Brochure may be requested by contacting Mr. Bradley R. Olsen, Chief Compliance Officer (the “CCO”) at (832) 241-5900 or [brad@recurrentadvisors.com](mailto:brad@recurrentadvisors.com).

Additional information about Recurrent is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Recurrent is 288694. The SEC’s web site also provides information about any persons affiliated with Recurrent who are registered, or are required to be registered, as investment adviser representatives of Recurrent.

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## Item 4 Advisory Business

### Background and Ownership Structure

Recurrent is a Texas limited liability company located Houston, Texas. Recurrent was formed on April 19, 2017, for the purpose of providing discretionary investment advisory services to U.S. open-end investment companies registered under the Investment Company Act of 1940, as amended, and to separately managed accounts whose investors include large institutions and high net worth individuals, including but not limited to, state and local pensions, corporate pensions, endowments and foundations, regional banks, and family offices. Recurrent filed its initial registration as an investment adviser with the SEC on May 30, 2017 and was granted effective registration by the SEC on June 30, 2017, under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training. Recurrent was co-founded by its two co-managing principals, Messrs. Mark J. Laskin and Bradley R. Olsen (each, a “Principal” and together, the “Principals”).

In October 2017, Recurrent launched a U.S. open-end investment company with a multi-series third-party trust that is an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”).

### Advisory Services

Recurrent’s portfolio management and investment advisory services are offered (directly or indirectly through a sub-advisory arrangement with the client’s primary investment adviser) to registered investment companies, single-investor funds, discretionary advisory programs, commingled investment vehicles, and institutional investors through separate account management. Recurrent currently provides portfolio management and investment advisory services as an investment adviser on a discretionary basis through the following types of products: (i) an investment company registered under the 1940 Act (the “Fund”); and (ii) high net worth individuals, corporations, and pooled investment vehicles through separately managed accounts (the “Separate Accounts”). The Fund and Separate Accounts are each, a “Client” and collectively, the “Clients”<sup>1</sup>. The types of Clients to which Recurrent provides investment management services are more fully disclosed in Recurrent’s Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure.

Recurrent’s investment strategies employ an energy and natural resources sector focus by primarily investing in publicly-traded equity and debt securities of U.S. energy and natural resources companies. Recurrent considers U.S. natural resources companies to be companies operating in the United States in a capacity related to the supply, production, distribution, refining, transportation, and consumption of natural resources. Primary categories of the natural resources include:

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<sup>1</sup> As an SEC-registered investment adviser, Recurrent owes a fiduciary duty to all of its Clients. An investment in a Fund by an investor or shareholder does not, in and of itself, create an advisory relationship between the investor or shareholder and Recurrent. Investors or shareholders are not permitted to impose restrictions or limitations on the management of any Fund. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to funds, clarified that the “client” of an investment adviser to a fund is the fund itself and not an investor in the fund.

- *Energy Companies (Supply-Side Oriented)* – companies across the energy supply chain spectrum, including upstream, midstream, and downstream energy companies (*i.e.*, companies engaged in exploration and production; gathering, transporting, and processing; and marketing and distribution, respectively), of various energy sources such as natural gas, crude oil, refined products, coal, and electricity, as well as companies that provide services to oil and gas companies.
- *Natural Resources/Industrial Companies* – chemical, metal, industrial, consumer, and manufacturing companies and engineering and construction companies involved in the production, processing, distributing, and transporting of natural resources.
- *Infrastructure Companies* – companies which manufacture, install, own, operate, or service assets that enable the connectivity of the supply and demand of natural resources.
- *Transportation and Logistics Companies* – companies that provide solutions for transportation and logistics to the U.S. manufacturing industry.

Additionally, Recurrent focuses its investments on energy infrastructure companies and master limited partnerships (“MLPs”), which own and operate assets that are used in the energy sector, including assets used in exploring, developing, producing, generating, transporting (including marine), transmitting, terminal operation, storing, gathering, processing, refining, distributing, mining, or marketing of natural gas, natural gas liquids, crude oil, refined products, coal, or electricity or that provide energy related equipment or services.

Recurrent offers several investment strategies to Clients and in doing so may invest in a wide range of securities and other financial instruments, including: equity securities of domestic and foreign issuers (both publicly and privately traded); corporate debt securities of domestic and foreign issuers (both publicly and privately traded); derivative securities, including, but not limited to, futures, options, swaps, and forward contracts; warrants; commercial paper; foreign currency contracts; registered investment company securities, including exchange-traded funds (“ETFs”); and U.S. government securities. As financial markets and products evolve, Recurrent may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with the Client’s investment guidelines, objectives, and policies. Generally, Recurrent invests for long-term growth of capital and income. Within that framework, a Client’s objectives and unique circumstances may dictate that short-term positions be taken.

Recurrent’s primary objective is to manage assets in securities of companies focused on the energy and natural resources industry while employing an investment strategy appropriate to the Client’s investment goals and objectives.

Recurrent’s advisory services consist of managing each of its Client’s portfolios, including sourcing, selecting, determining investments in, and monitoring investments in and the execution of transactions on behalf of its Clients. Recurrent is generally responsible for investing and re-investing the assets of each Client account in accordance with the investment objectives, policies, and guidelines established by its Clients. With respect to any Client, this Brochure is qualified in its entirety by the Clients’ offering memorandum, prospectus and statement of additional information, investment management agreement, or other similar disclosures and governing documents (collectively, the “governing documents”).

Recurrent tailors its investment advice to the specific needs of its Clients and is subject to applicable investment restrictions set forth in the governing documents for each respective Client. Recurrent works with Clients to formulate appropriate and agreed-upon investment guidelines. Recurrent works with Clients to determine the feasibility of monitoring proposed restrictions and limitations. Clients who restrict their investment portfolios may experience potentially worse performance results than Clients with unrestricted portfolios even for Clients with similar objectives. Recurrent reserves the right to reject or terminate any Client that seeks restrictions which Recurrent is unable to implement or which may fundamentally alter the investment objective of the strategy selected by the Client. Investors who participate in pooled investment vehicles, such as U.S. registered investment companies, may generally not tailor investment guidelines.

When Recurrent serves as investment adviser, it enters into a written investment management agreement with each of its advisory Clients. Investors in pooled investment vehicles are not considered as Recurrent's advisory Clients and do not enter into investment management agreements with Recurrent. Investment management agreements include provisions related to each Client's management fees, investment strategy, investment guidelines, termination rights, proxy voting, and sub-adviser, if applicable. Recurrent's standard investment management contract generally permits either party to terminate the contract at the end of any calendar quarter following 30 days' written notice or at any time following 60 days written notice for pooled investment vehicles. Upon termination, Clients are billed only for the pro-rata portion of the management period. Clients do not pay a termination fee.

Should Recurrent serve as a sub-adviser, Recurrent would enter into a sub-advisory agreement with an unaffiliated investment adviser. These sub-advisory agreements typically include information related to Recurrent's sub-advisory fee, investment strategy, investment guidelines, termination rights, and proxy voting. The adviser enters into an investment management agreement with the end client.

### **Wrap Fee Disclosure**

Recurrent does not participate in or sponsor any wrap fee programs.

### **Regulatory Assets Under Management**

As of December 31, 2024, Recurrent managed approximately \$1,212,336,772 of advisory assets, of which all were on a discretionary basis and none were on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Recurrent reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 5 Fees and Compensation**

In consideration for Recurrent's advisory and other services, Recurrent generally is entitled to receive management fees, with respect to certain Clients. While the fees and compensation applicable to each Client are described in detail in the applicable governing documents and/or fee agreements, an overview of Recurrent's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

### **Advisory Services Compensation**

Recurrent's fees generally depend on the services being provided and vary from product to product based on a variety of factors, including but not limited to, the investment mandate or strategy, investment vehicle, degree of servicing required, account/relationship size, market-place conditions, and other factors Recurrent deems relevant. For investment management services, fees typically are expressed as a percentage of the net assets under management. To the extent permitted under the Advisers Act, or the applicable provisions of the 1940 Act, in the case of investment companies registered under the 1940 Act, Recurrent may negotiate and charge asset-based fees.

Recurrent's investment management fees are typically calculated as a percentage of the market value of a Client's assets under management in accordance with its contractual agreements. Fee breakpoints may be available for certain strategies and product types. Recurrent's standard fee schedules, which are subject to change and may be negotiated, are described below under "Fee Schedules". Existing Clients may have different fee arrangements from those described in under Fee Schedules. To the extent Recurrent engages a sub-adviser, it will pay the sub-adviser a portion of the management fee that Clients pay to Recurrent. Recurrent's Clients do not pay any fees, commissions, or expenses directly to sub-advisers.

Recurrent may, in its sole discretion, charge lower management fees or waive account minimums based on certain criteria including product type, investment strategy, client type, client domicile, services provided, the client's historical relationship with Recurrent, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under management, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions, level of client servicing required, and other factors Recurrent deems relevant. Recurrent, in its sole discretion, may also waive or charge lower management fees and waive account minimums for employees, including portfolio managers, affiliates, or relatives of such persons. Assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to Recurrent's policies and procedures.

Recurrent may be limited in its ability to negotiate fees due, in part, to existing Client contracts, which require equivalent pricing. Under the terms of these agreements, Recurrent is generally required to charge the same fee schedule to similarly-situated Clients. Generally, Recurrent considers Clients to be similarly-situated if they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment composite, are of the same client type, require a similar level of client servicing, and have a similar account size, among other factors Recurrent deems relevant.

To the extent fees are negotiable, certain Clients may pay more or less than other Clients for the same management services. In cases where a consulting or referral arrangements are in place in which broker-

dealers, investment advisers, trust companies, and other providers of financial services typically provide Clients with services that complement or supplement Recurrent's services, Recurrent may charge lower management fees for accounts managed.

In addition to Recurrent's investment management fee, Clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third-parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees (including foreign currency exchange fees), interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depository Receipts ("ADRs"), and other fees and taxes on brokerage accounts and securities transactions. Recurrent does not receive any portion of these commissions, fees, or costs. See, however, *Item 12 – Brokerage Practices* of this Brochure for more information about soft-dollars. See also *Item 12 – Brokerage Practices* of this Brochure for more information about conversion fees for ADRs. To the extent Recurrent should act as a sub-adviser, Recurrent will receive a portion of the management fee the end Clients pay to the adviser; these Clients do not pay any fees, commissions, or expenses directly to Recurrent.

Recurrent generally invoices Clients on a monthly, quarterly, or semi-annual basis in arrears for its investment management fees. In any partial billing period, Recurrent pro-rates fees based on the number of days an account is open. If a Client requests that Recurrent automatically deduct management fees from its accounts, Recurrent will bill the Client's custodian directly in accordance with Rule 206(4)-2 (the "Custody Rule") under the Advisers Act. Recurrent may invest Separate Account assets in unaffiliated pooled investment vehicles that charge fees described in the pooled investment vehicles' governing documents. Separate Account assets invested in these unaffiliated pooled investment vehicles may pay both Recurrent's investment management fee and the unaffiliated pooled investment vehicles' fees and expenses. To the extent Recurrent invests Separate Account assets in sponsored (affiliated) pooled investment vehicles (*e.g.*, a Fund managed by Recurrent), these assets generally will not be included as Separate Account assets for purposes of calculating or charging the Client's management fee.

### **Fee Schedules**

The following sets forth a basic description of certain advisory fee arrangements, including information on Recurrent's standard fee schedules. However, fees and other compensation are negotiated in certain circumstances, and arrangements with any particular Client may vary.

\* \* \* \* \*

## ***Fund***

In consideration for its portfolio management and investment advisory services to the Fund, Recurrent receives a management fee (accrued daily) equal to 0.90% annually and payable in arrears.<sup>2</sup> The specific payment terms and other conditions of the management fees available to Recurrent are set forth in the Fund's governing documents and/or investment management agreement. The management fee is based upon the Fund's average daily net assets, which may or may not be net of investment leverage (borrowed capital). Such management fee is deducted from the Fund's assets on a monthly basis. In addition to management fees, administrative fees, and brokerage and transaction costs, investors in the Fund will indirectly bear certain other fees and expenses paid by the Fund, including, but not limited to expenses of the independent trustees of the Fund, fees and expenses for legal, fund accounting, transfer agency, custodial, and auditing services, interest expense, taxes, and other investment-related costs, insurance premiums, extraordinary and non-recurring, and certain other unusual expenses. For additional detail on these fees and expenses, please refer to the Fund's governing documents (*i.e.*, prospectus and statement of additional information). Additionally, Recurrent will occasionally waive a portion of the fees payable by the Fund, which could result in a benefit to investors in the Fund.

The Fund managed by Recurrent is the Recurrent MLP & Infrastructure Fund, a series of the Two Roads Shared Trust (the "Trust"), an open-end management investment company organized as a Delaware statutory trust on June 7, 2012. The Trust is responsible for the overall management of the Fund's business affairs.

## ***Separate Accounts***

Recurrent's investment management fee for managing an institutional separate account are determined through negotiation with each Client and are set forth in the investment management agreement with the Client. Typically, a Separate Account Client will pay management fees to the Advisor ranging from 0.60% to 1.00% annually. There may be additional fees charged by the Client's financial advisor. Management fees are generally based upon the average daily net assets, which may or may not be net of investment leverage. Separate Account Clients generally are responsible for brokerage commissions, transfer taxes, and other brokerage fees and investment expenses relating to investment instrument transactions in the Separate Account. Separate Account Clients may incur operating and transaction fees, costs, and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third-parties. Recurrent does not receive any portion of these commissions, fees, or costs.

## **Other Fees and Expenses**

In addition to the fees described above, Clients may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions, and related costs; (ii) interest expenses; (iii) taxes, duties, and other governmental charges; (iv) transfer and registration fees or

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<sup>2</sup> Recurrent has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed the Fund's expense cap. *For additional detail please refer to the Fund's prospectus.*

similar expenses; (v) costs associated with foreign exchange transactions; (vi) other portfolio expenses; and (vii) costs, expenses, and fees (including investment advisory and other fees charged by the investment advisers of funds in which the Client's account invest) associated with products or services that may be necessary or incidental to such investments or accounts. With respect to such services (which may include, but are not limited to, custodial, securities lending, brokerage, futures, banking, consulting, or third-party advisory or legal services) each Client may be required to establish business relationships with relevant service providers or other counterparties based on the Client's own credit standing. Recurrent will not have any obligation to allow its credit to be used in connection with the establishment of such relationships, nor is it expected that such service providers or counterparties will consider or rely on Recurrent's credit in evaluating the Client's creditworthiness.

The Fund also generally bears its own operating and other expenses including, but not limited to, in addition to those listed above: (i) sales expenses; (ii) legal expenses; (iii) internal and external accounting, audit, and tax preparation expenses; (iv) insurance; and (v) organizational expenses. Generally, series funds bear a pro rata share of the expenses associated with the related trust. The Fund may bear the cost of investments in funds, including affiliated funds and ETFs. Further details on these expenses may be found in the Fund's governing documents (*i.e.*, prospectus and statement of additional information).

For an additional discussion of brokerage and other transaction costs, please refer to *Item 12 – Brokerage Practices* of this Brochure.

### **Other Compensation**

Should Recurrent provide investment management services, as investment sub-adviser to an unaffiliated investment adviser, Recurrent would generally receive a monthly sub-advisory fee on the average daily value of assets in which it manages, pursuant to a sub-advisory agreement. When Recurrent enters into a sub-advisory relationship with an unaffiliated investment adviser, the fee schedule is generally individually negotiated. Recurrent is paid by the unaffiliated investment adviser not the fund or portfolio of assets. Recurrent is generally required to pay its own expenses incurred in connection with providing investment sub-advisory services.

Recurrent nor any of its supervised persons accepts compensation for the sale of securities or other investment products. This practice would present a conflict of interest and give Recurrent or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs.

For an additional discussion of other compensation, please refer to *Item 14 – Client Referrals and Other Compensation* of this Brochure.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Recurrent does not currently collect any performance-based fees in connection with the managing of its clients. In the event the Firm elects to charge such fees, such performance-based fees will be structured to comply with Rule 205-3 under the Advisers Act and will only be charged “qualified clients” as that term is defined under Rule 205-3.

## **Item 7 Types of Clients**

As discussed in *Item 4 – Advisory Business* of this Brochure, Recurrent may provide investment management services, as an investment adviser (or sub-adviser), to investment companies registered under the 1940 Act and to high net worth individuals, corporations, and other pooled investment vehicles through separately managed accounts on a discretionary basis. Recurrent’s Clients may include, but are not limited to: financial institutions, registered investment companies, pension funds and other retirement accounts, corporations, banks and thrift institutions, and other institutional type accounts.

### **Minimums**

Recurrent does not impose a minimum account size or minimum fee as a condition for starting and maintaining a relationship; provided, however, the Fund does have a minimum investment amount. A Client’s custodian, however, may separately require a minimum account size.

Please refer to the Fund’s prospectus for account minimums.

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

Investing in securities involves risk of loss that Clients should be prepared to bear.

### **Investment Strategies**

Recurrent offers several investment strategies to Clients and in doing so may invest in a wide range of securities and other financial instruments including: equity securities of domestic and foreign issuers (both publicly and privately traded); corporate debt securities of domestic and foreign issuers (both publicly and privately traded); MLPs; derivative securities, including but not limited to futures, options, swaps, and forward contracts; warrants; commercial paper; foreign currency contracts; registered investment company securities, including exchange-traded funds (“ETFs”); and U.S. government securities. As financial markets and products evolve, Recurrent may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with Client guidelines, objectives, and policies. Recurrent generally invests for long-term growth of capital and income. Within that framework, Client objectives and unique circumstances may dictate that short-term positions be taken.

Recurrent’s primary objective is to seek consistent positive absolute returns while employing an investment strategy appropriate to the Client’s investment goals and objectives. These investment goals and objectives are written in the Investment Policy Statement for each Client and are followed when making investment decisions for the Client’s account.

For its fundamental investment strategies, Recurrent seeks to add value versus benchmarks by actively pursuing alpha generation through its own intensive fundamental research. Recurrent strives to find companies possessing Recurrent’s key investment criteria (as described below) through proprietary research that emphasizes contact with a company’s management team, competitors, suppliers, and consumers, as well as in-depth and ongoing financial modeling. This process has been critical in Recurrent’s ability to uncover energy companies possessing misunderstood fundamentals and price dislocations, as well as rapidly growing energy companies for certain equity and fixed-income strategies.

### ***Natural Resources Strategy***

#### ***Philosophy and Context***

In deploying the Natural Resources Strategy, Recurrent seeks total return from capital appreciation, primarily by investing in publicly traded equity and debt securities of U.S. companies involved in and dependent upon natural resources. Recurrent considers U.S. natural resources companies to be companies operating in the United States in a capacity related to the supply, production, distribution, refining, transportation, and consumption of natural resources. Recurrent believes a well-positioned portfolio across the full spectrum of companies engaged in different aspects of the natural resources industry can take advantage of the opportunities derived from the low-cost production of natural resources in the United States.

### *Investment Process*

Recurrent's investment process incorporates macroeconomic and commodity supply/demand factors with fundamental company analysis to select a Client's investments and determine the weighting of each investment. Applying its proprietary valuation analysis, Recurrent determines target high and low-end values for each investment in a Client's portfolio. Based on those targets, Recurrent seeks to take advantage of changing dynamics in the energy, energy infrastructure, industrial, consumer, manufacturing, and transportation and logistics sectors to build a portfolio which, in Recurrent's view, present the best opportunities for income and appreciation.

### *Portfolio Construction*

In executing the Natural Resources Strategy, Recurrent will allocate approximately eighty percent (80%) of a Client's portfolio in publicly traded equity and debt securities of U.S. companies involved in and dependent upon natural resources. Recurrent considers U.S. natural resources companies to be companies operating in the United States in a capacity related to the supply, production, distribution, refining, transportation, and consumption of natural resources:

- *Energy Companies* – companies across the energy supply chain spectrum, including upstream, midstream and downstream energy companies (*i.e.*, companies engaged in exploration and production; gathering, transporting and processing, and marketing and distribution, respectively), of various energy sources such as natural gas, crude oil, refined products, coal and electricity, as well as companies that provide services to oil and gas companies.
- *Natural Resources/Industrial Companies* – Chemical, metal, industrial, consumer, and manufacturing companies and engineering and construction companies involved in the production, processing, distributing, and transporting of natural resources.
- *Infrastructure Companies* – companies which manufacture, install, own, operate, or service assets that enable the connectivity of the supply and demand of natural resources.
- *Transportation and Logistics Companies* – companies that provide solutions for transportation and logistics to the U.S. manufacturing industry.

Recurrent may invest up to twenty five percent (25%) of a Client's portfolio in securities of energy related master limited partnerships ("MLPs"). MLPs are generally energy or natural resource-related companies. Recurrent may invest a Client's portfolio in companies of any market capitalization size including a company's first offering of stock to the public in an initial public offering ("IPO"). In addition, Recurrent may utilize derivatives on stocks, indices, interest rates, debt securities, or currencies to seek to enhance a Client's return and attempt to limit downside risk. Derivatives include instruments and contracts that are based on and valued in relation to one or more underlying securities, financial benchmarks or indices, such as futures, options, swaps, and forward contracts.

Recurrent may invest up to twenty five percent (25%) of a Client's portfolio in debt securities, preferred stock, and convertible securities, provided that such securities are rated, at the time of investment, at least B3 by Moody's Investors Service, Inc., B- by Standard & Poor's or Fitch Ratings, or a comparable rating by another nationally recognized statistical rating organization or with respect to up to ten percent (10%) of a Client's portfolio in debt securities, preferred shares, and convertible securities, have lower ratings or

are unrated at the time of investment. These debt securities are commonly referred to as “high yield” securities or “junk bonds” and are regarded as predominantly speculative with respect to an issuer’s capacity to pay interest and repay principal in accordance with the terms of its obligations and involve higher default risk than investment-grade bonds. The Recurrent may invest in debt securities of any maturity or duration.

## ***MLP & Infrastructure Strategy***

### *Philosophy and Context*

In deploying the MLP & Infrastructure Strategy, Recurrent seeks capital appreciation through distribution growth along with current income, primarily by investing in energy infrastructure MLPs as well as C-corporations. Energy infrastructure companies own and operate assets that are used in the energy sector, including assets used in exploring, developing, producing, generating, transporting (including marine), transmitting, terminal operation, storing, gathering, processing, refining, distributing, mining, or marketing of natural gas, natural gas liquids, crude oil, refined products, coal, or electricity, or that provide energy related equipment or services. Recurrent believes that energy infrastructure companies are attractive investments due to the relatively low levels of economic depreciation (maintenance spending) required to maintain productive, cash flowing assets. As a result of low maintenance requirements, energy infrastructure companies may generate higher cash flows as a percentage of invested capital compared to other energy companies and utilities. These cash flows further benefit from the MLP structure, which avoids corporate taxation, allowing for potential deferred taxation for taxable investors.

### *Investment Process*

Recurrent’s investment process is strongly focused on company-level valuation analysis for determining security selection in the MLP & Infrastructure Strategy. Recurrent uses detailed financial models of the midstream MLPs and energy infrastructure companies in the North American midstream universe to evaluate several factors: (i) a midstream company’s historical return profile (as measured by returns on invested capital or ROIC); and (ii) a midstream company’s prospective returns based on the publicly available information regarding future capital expenditure and financing plans. With a view of a company’s past and expected future return performance, Recurrent forms a view of a company’s “justified” multiple of invested capital.

Generally, Recurrent believes a company’s return profile should be reflected in its multiple of “enterprise value to invested capital” or EV/IC. By this methodology, companies with returns higher than their costs of capital should trade at higher EV/IC multiples, while companies with lower returns should trade at lower multiples.

While Recurrent will consider the commodity price environment when making investment decisions, Recurrent emphasizes that it does not use commodity views to drive investment decision making and believes that commodity-driven “bets” generally lead to inferior long-term performance. Recurrent believes that commodity exposure will generally be reflected in more volatile and often lower returns on capital, which will in turn be reflected in market valuation. Both more and less stable companies can present attractive opportunities for investment, depending on how their valuations compare to what is “justified” by their historical return profile.

In addition to our core EV/IC methodology, Recurrent will use its financial analysis tools to consider other company valuation metrics, such as EV/EBITDA, cash flow yields, as well as financial attributes such as balance sheet strength, business mix, commodity price exposure.

### *Portfolio Construction*

In executing the MLP & Infrastructure Strategy, Recurrent will allocate approximately eighty percent (80%) of a Client's portfolio in energy infrastructure MLPs. In addition, the portfolio may be invested in debt securities rated below investment-grade, commonly known as high-yield securities or junk bonds. The portfolio may also invest in derivatives (futures, options, swaps, forward contracts). MLPs are generally publicly traded, however the portfolio may also invest in privately placed securities of publicly traded MLPs. The MLP investments may be of any capitalization size including a company's first offering of stock to the public in an IPO.

MLP investments may include, but are not limited to: (i) MLPs structured and taxed as limited partnerships or limited liability companies; (ii) MLPs that are taxed as "C" corporations; (iii) institutional units ("I-Units") issued by MLP affiliates; (iv) taxable "C" corporations that hold significant interests in MLPs; and (v) other equity and fixed income securities and derivative instruments (on stocks, indices, interest rates, debt securities, or currencies), including pooled investment vehicles, exchange-traded notes, and exchange-traded funds, that provide exposure to MLPs.

Many of the MLPs in which Recurrent invests in operate oil, gas, or petroleum facilities, or other facilities within the energy sector. Recurrent intends to concentrate its investments in the energy sector, with a focus on "midstream" energy infrastructure MLPs. Midstream MLPs are generally engaged in the treatment, gathering, compression, processing, transportation, transmission, fractionation, storage, and terminalling of natural gas, natural gas liquids, crude oil, refined products, or coal. Midstream MLPs may also operate ancillary businesses including marketing of energy products and logistical services. Recurrent may also invest in "upstream" and "downstream" MLPs. Upstream MLPs are primarily engaged in the exploration, recovery, development, and production of crude oil, natural gas, and natural gas liquids. Downstream MLPs are primarily engaged in the processing, treatment, and refining of natural gas liquids and crude oil. The MLPs in which Recurrent invests in may also engage in owning, managing, and transporting alternative energy assets, including alternative fuels such as ethanol, hydrogen, and biodiesel.

### *Temporary and Defensive Investment Strategies*

Each of Recurrent's investment strategies may, from time to time, take temporary or defensive positions in attempting to respond to adverse market, political, or other conditions. For temporary defensive purposes, a portfolio may invest up to 100% of its total assets in securities issued or guaranteed by the U.S. government, its agencies, instrumentalities, or sponsored enterprises ("U.S. Government Securities"), commercial paper rated at least A-2 by Standard & Poor's Rating Group, P-2 by Moody's Investors Service, Inc., or having a comparable rating by another nationally recognized statistical rating organization (or if unrated, determined by Recurrent to be of comparable credit quality), certificates of deposit, bankers' acceptances, repurchase agreements, non-convertible preferred stocks, and non-convertible corporate bonds with a remaining maturity of less than one year, ETFs and other investment companies, and cash items. When a portfolio's assets are invested in such instruments, the portfolio may not be achieving its investment objective.

As noted in *Item 4 – Advisory Business* of this Brochure, Recurrent manages Client’s accounts in accordance with the terms, conditions, investment objectives and guidelines, and limitations set forth in the investment management agreement entered into with each Client. Recurrent will generally utilize and pursue the same or similar investment strategies, processes, and methods of analysis with respect to Separate Accounts as are utilized and pursued for the Fund.

Recurrent maintains risk management policies and procedures in connection with its advisory and management services with respect to Client accounts. Such policies and procedures are discussed periodically and considered in connection with ongoing investment advisory and trading activities. Recurrent considers a variety of risks that may affect Client accounts, including margin to equity ratios, liquidity issues, and counterparty risk, among others. Such risk assessment and management efforts will relate to both equity and commodity-related positions. The CCO and the portfolio managers work to identify these and other risks and monitor the materiality of these risks with respect to portfolios managed by Recurrent on a periodic basis as part of Recurrent’s general compliance program.

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The methods of analysis and investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment objective and strategies of each, please carefully review its applicable governing documents.

### **Certain Risk Factors**

**Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. There can be no assurance that Clients will achieve their investment objectives or that investments will be successful or profitable. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client’s investments fluctuates due to market conditions and other factors. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that Recurrent’s investment strategies and services are low risk or risk free. The investment decisions made and the actions taken for Clients accounts are subject to various market, liquidity, currency, economic, and political risks, and will not necessarily be profitable. Past performance of Clients accounts is not indicative of future performance. Investors and advisory Clients are urged to consult with their own independent financial, legal, and tax advisors before making any investment decisions. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular Client account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which Client accounts may invest. The following risks may apply to strategies managed by Recurrent:**

- ***Acquisition Risk*** – Recurrent may invest Client’s assets in MLPs which may depend on their ability to make acquisitions that increase adjusted operating surplus per unit in order to increase distributions to unit holders. The ability of such MLPs to make future acquisitions is dependent on their ability to identify suitable targets, negotiate favorable purchase contracts, obtain acceptable financing and, outbid competing potential acquirers. To the extent that MLPs are unable to make future acquisitions, or such future acquisitions fail to increase the adjusted operating surplus per

unit, their growth and ability to make distributions to unit holders will be limited. The substantial market disruption and slowdown in economic activity resulting from the COVID-19 pandemic may limit the ability of energy companies to make acquisitions.

- ***Asset Allocation and Rebalancing Risk*** – The risk that a Client’s portfolio of assets may be out of balance with the target allocation. Any rebalancing of such assets by Recurrent may be limited by several factors and, even if achieved, may have an adverse effect on the performance of the Client’s portfolio of assets.
- ***Catastrophic Event Risk*** – The energy infrastructure industry is subject to many dangers inherent in the production, exploration, management, transportation, processing, and distribution of natural gas, natural gas liquids, crude oil, refined petroleum and petroleum products, and other hydrocarbons. These dangers include leaks, fires, explosions, damage to facilities and equipment resulting from natural disasters, inadvertent damage to facilities and equipment, and terrorist acts. Since the September 11 terrorist attacks, the U.S. government has issued warnings that energy assets, specifically U.S. pipeline infrastructure, may be targeted in future terrorist attacks. These dangers may give rise to risks of substantial losses as a result of loss or destruction of commodity reserves; damage to or destruction of property, facilities, and equipment; pollution and environmental damage; and personal injury or loss of life. Any occurrence of such catastrophic events could bring about a limitation, suspension, or discontinuation of the operations of companies operating in the energy infrastructure industry. Companies operating in the energy infrastructure industry may not be fully insured against all risks inherent in their business operations and therefore accidents and catastrophic events could adversely affect such companies’ financial conditions and ability to pay distributions to shareholders.
- ***Commodity Price Risk*** – The energy infrastructure industry may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil, and coal, in the short- and long-term. Fluctuations in energy commodity prices would directly impact companies that own such energy commodities and could indirectly impact energy infrastructure companies that engage in transportation, storage, processing, distribution, or marketing of such energy infrastructure commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy-consuming countries); market conditions; weather patterns; domestic production levels; volume of imports; energy conservation; domestic and foreign governmental regulation; international politics; policies of the Organization of Petroleum Exporting Countries (“OPEC”); taxation; tariffs; and the availability and costs of local, intrastate, and interstate transportation methods. In response to the COVID-19 pandemic, OPEC and other oil-producing countries have agreed to reduce production. An extended period of reduced production and continued price volatility may significantly lengthen the time the energy sector would need to recover after a stabilization of prices. Energy infrastructure companies, as part of the energy industry, may also be impacted by the perception that the performance of energy industry companies is directly linked to commodity prices. High commodity prices may drive further energy conservation efforts and a slowing economy may adversely impact energy consumption which may adversely affect the performance of energy infrastructure and other companies operating in the energy industry. Low commodity prices may have the effect of reducing investment, exploration, and production

activities associated with such commodities and may adversely affect the performance of MLPs and other companies operating in the energy infrastructure industry.

- **Competition; Availability of Investments** – Certain markets in which Recurrent invest or may invest Client assets are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that Recurrent will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets, and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to Recurrent in obtaining suitable investments.
- **Concentration Risk** – The increased risk of loss associated with not having a diversified portfolio (*i.e.*, Client accounts concentrated in a geographic region, industry sector, or issuer are more likely to experience greater loss due to an adverse economic, business, or political development affecting the region, sector, or issuer than an account that is diversified and therefore has less overall exposure to a particular region, sector, or issuer).
- **Correlation Risk** – The risk that the performance of the underlying investment held in a Client’s account may underperform or differ from the market, or prior to maturity, perform differently than the payment at maturity formula due to changes in factors influencing the structured investments, including equity performance and/or changes in credit spreads, implied volatility, interest rates, and/or dividends.
- **Counterparty Credit Risk** – Recurrent has established relationships to engage in derivative and commodities interest transactions and obtain brokerage services all of which permit Recurrent’s Clients to trade in any variety of markets or asset classes over time; however, there can be no assurance that Recurrent will be able to maintain such relationships. An inability to maintain such relationships would limit Client trading activities and could create losses, preclude Clients from engaging in certain transactions, financing, derivative intermediation, and prime brokerage services, and prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the derivative, commodities interest trading, and brokerage services provided by any such relationships before Recurrent establishes additional relationships could have a significant impact on the Client’s business due to the Client’s reliance on such counterparties.

Some of the markets in which Recurrent effects Client transactions are “over-the-counter” or “inter-dealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Clients to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Client to suffer a loss. In addition, in the case of a default, the Client could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single counterparty or small group of counterparties.

Clients may use counterparties located in jurisdictions outside the United States. Such counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to Client assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on Clients and their assets.

Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, Recurrent's internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The ability of Clients to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

- **Credit Diversification Risk** – The risk that the credit diversification of the strategy may be limited due to the lack of availability of structured investments from one or more issuers at a given time.
- **Currency Risk** – A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Recurrent may enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to Clients. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a Client's exposure with respect to its investment to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These government actions can result in losses to a Client if Recurrent is unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the U.S. Dollar and emerging market currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit a Client to execute its investment program may not generally be available or may not, in Recurrent's judgment, be economically priced. In addition, following a significant decline in the net asset value of a Client, or a significant loss by a Client on the emerging market currency portfolio, counterparties may be unwilling to continue to offer currency instruments to a Client and may have the ability to terminate the master agreements relating to the existing currency instruments and all currency transactions documented thereunder. Finally, Client counterparties are not contractually obligated to offer currency instruments to Clients following the maturity of a given transaction or to increase the size of a transaction at a Client's request.

- **Cybersecurity Risk** – There is risk to Clients of an unauthorized breach and access to portfolio assets, customer data (including private investor/shareholder information), or proprietary information, or the risk of an incident occurring that causes Recurrent, custodians, prime brokers, administrators, and other key service providers and financial intermediaries to suffer data breaches, data corruption, or lose operational functionality. Successful cyber-attacks or other cyber-failures or events affecting Clients or their service providers may adversely impact Clients.
- **Depletion Risk** – MLPs and other energy infrastructure companies engaged in the exploration, development, management, gathering, or production of energy commodities face the risk that commodity reserves are depleted over time. Such companies seek to increase their reserves through expansion of their current businesses, acquisitions, further development of their existing sources of energy commodities, exploration of new sources of energy infrastructure commodities, or by entering into long-term contracts for additional reserves; however, there are risks associated with each of these potential strategies. If such companies fail to acquire additional reserves in a cost-effective manner and at a rate at least equal to the rate at which their existing reserves decline, their financial performance may suffer. Additionally, failure to replenish reserves could reduce the amount and affect the tax characterization of the distributions paid by such companies.
- **Energy Sector Focus Risk** – Recurrent concentrates Clients' investments in the energy sector which is comprised of energy, energy industrial, energy infrastructure and energy logistics companies, and will therefore be susceptible to adverse economic, environmental, business, regulatory or other occurrences affecting that sector. The energy markets have experienced significant volatility in recent periods, including a historic drop in crude oil and natural gas prices in April 2020 attributable to the significant decrease in demand for oil and other energy commodities as a result of the slowdown in economic activity due to the COVID-19 pandemic as well as price competition among key oil-producing countries. The low-price environment caused financial hardship for energy companies and has led to, and may continue to lead to, energy companies defaulting on debt and filing for bankruptcy. The energy markets may continue to experience stress and relatively high volatility for a prolonged period. The energy sector has historically experienced substantial price volatility. At times, the performance of these investments may lag the performance of other sectors. The energy sectors are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities

for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, energy sector companies are subject to substantial government regulation and changes in the regulatory environment for energy companies may adversely impact their profitability. Infrastructure companies may incur environmental costs and liabilities due to the nature of their businesses and the substances they handle. Changes in existing laws, regulations or enforcement policies governing the energy sector could significantly increase compliance costs. Certain companies could, from time to time, be held responsible for implementing remediation measures, the cost of which may not be recoverable from insurance. Over time, depletion of natural gas reserves and other energy reserves may also affect the profitability of energy companies.

- ***Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues*** – Recurrent’s business activities as well as the management and operations of the Clients and their investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Although the long-term effects or consequences of novel coronavirus (or COVID-19) and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of Recurrent and the Client. Should these or other major public health issues, including pandemics, arise or spread further (or continue to spread or materially impact the day to day lives of persons around the globe), Recurrent and the Clients could be adversely affected by more stringent travel restrictions, additional limitations on Recurrent’s operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).
- ***Equity Risks*** – The market price of securities owned by Clients may go up or down, sometimes rapidly or unpredictably. The equity securities in Clients’ portfolios may decline in value due to factors affecting equity securities markets generally or the energy sector. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, including the basic minerals sector, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which Recurrent believes are fundamentally undervalued or incorrectly valued may not ultimately

be valued in the capital markets at prices and/or within the time frame Recurrent anticipates. As a result, Clients may lose all or substantially all of their investments in any particular instance.

- ***Environmental and Regulatory Risk*** – Companies operating in the energy infrastructure industry are subject to significant regulation of nearly every aspect of their operations by federal, state, and local governmental agencies, such as the way in which certain MLP assets are constructed, maintained, and operated and the prices MLPs may charge for their services. Additionally, voluntary initiatives and mandatory controls have been adopted or are being discussed both in the United States and worldwide to address current potentially hazardous environmental issues as well as those that may develop in the future. Regulations can change over time in scope and intensity. Changes in existing, or new, environmental restrictions may force energy infrastructure industry companies to incur significant expenses, or otherwise curtail or alter their underlying business operations, which could materially and adversely affect the value of these companies' securities in a Client's portfolio. Moreover, many state and federal environmental laws provide for civil as well as regulatory remediation, thus adding to the potential exposure energy infrastructure companies may face.

Regulations currently exist that generally involve emissions into the air, effluents into the water, use of water, wetlands preservation, waste disposal, endangered species, and noise regulation, among others. Additionally, federal and state regulatory agencies are continually monitoring and taking actions with respect to the environmental effects of the energy industry's exploration and developmental processes. For example, there are studies currently underway that may deem some natural resource extraction processes, particularly hydraulic fracturing (commonly called "fracking") and associated waste disposal and geological (*i.e.*, earthquakes) concerns, as the main determinate of environmentally hazardous conditions or events. In 2010, Congress proposed a study to be conducted by the Environmental Protection Agency (EPA), and a final report was released in 2014. The results of this study and other studies may spur further regulations and/or restrictions on the current operations of certain companies in which Clients may invest. Voluntary initiatives and mandatory controls have also been adopted or are being discussed both in the United States and worldwide to reduce emissions of "greenhouse gases" such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures and future measures could result in increased costs to certain companies in which Clients may invest to operate and maintain facilities and administer and manage a greenhouse gas emissions program and may reduce demand for fuels that generate greenhouse gases and that are managed or produced by companies in which Clients may invest.

- ***Fixed Income Securities*** – Recurrent may invest Client assets in bonds or other fixed income securities of issuers including, without limitation, bonds, notes, and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which Recurrent may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability, or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject

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

- **Forward Trading** – Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention, or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Recurrent would otherwise recommend, to the possible detriment of its Clients. Market illiquidity or disruption could result in significant losses to Clients.
- **Futures Contracts** – Recurrent may invest Client assets in commodities futures contracts, options on futures contracts, and in other products and commodities interests that may be traded on commodities exchanges regulated by the Commodity Futures Trading Commission (“CFTC”) or international exchanges or in the over-the-counter markets. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which Clients’ positions trade or of their clearing houses or counterparties. The use of futures contracts (and related options) exposes the Client to leverage and tracking risks because a small investment in futures contracts may produce large losses and futures contracts may not be perfect substitutes for securities.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Recurrent from promptly liquidating unfavorable positions and subject Clients to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

- **General Economic and Market Conditions** – The success of Recurrent’s activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit and

debt-related issues, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Client investments), trade barriers, unemployment rates, release of economic data, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters, security operations, the European debt crisis or the U.S. budget negotiations). These factors may affect the level and volatility of securities prices and the liquidity of Client investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. Clients could incur material losses even if Recurrent reacts quickly to difficult market or economic conditions, and there can be no assurance that Clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Clients should realize that markets for the financial instruments in which Recurrent invest Client assets can correlate strongly with each other at times or in ways that are difficult for Recurrent to predict. Even a well-analyzed approach may not protect Clients from significant losses under certain market conditions.

- ***Hedging Transactions*** – While hedging strategies do not play a significant role in Recurrent's investment strategy, a Client may utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of the Client's investment portfolio resulting from fluctuations in the commodities markets and changes in interest rates; (ii) protect the Client's unrealized gains in the value of the Client's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or currency exchange rate on any liabilities or assets of Recurrent's Clients; (vii) protect against any increase in the price of any commodities interests the Client anticipates purchasing at a later date; or (viii) for any reason that Recurrent deems appropriate.

The success of hedging strategies depends, in part, upon Recurrent's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many commodities interests change as markets change or time passes, the success of a Client's hedging strategy is also subject to Recurrent's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in such hedging transactions. For a variety of reasons, Recurrent may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Client from achieving the intended hedge or expose the Client to risk of loss. Recurrent is not required to hedge any particular risk in connection with a particular transaction or its portfolios generally. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of Client portfolio holdings.

- ***High Yield ("Junk") Bond Risk*** – High yield bonds are debt securities rated below investment grade (often called "junk bonds"). Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. Companies issuing high yield bonds are less financially strong, are more likely to

encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than companies with higher credit ratings.

- **Highly Volatile Markets** – The prices of financial instruments in which Recurrent invest Client assets can be highly volatile. Price movements of the financial instruments in which Client assets are invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures, and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.
- **Illiquid Investments** – Under certain market conditions, such as during volatile markets or when trading in an interest or market is otherwise impaired, the liquidity of Client investments may be reduced. In addition, a Client may from time to time hold large positions with respect to a specific type of investment, which may reduce the Client’s liquidity. During such times, the Client may be unable to dispose of certain assets, which would adversely affect the Client’s ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Client to dispose of assets at reduced prices, thereby adversely affecting the Client’s performance. If there are other market participants seeking to dispose of similar assets at the same time, the Client may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if a Client incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with a market downturn, the Client’s counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Client’s credit risk to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, liquidity may be reduced for Client investments.

Investments in energy-related commodities futures contracts may be less liquid than investments in publicly traded securities. Commodities investments by Clients are typically made on the major exchanges such as CME or ICE or in the over the-counter markets. Accordingly, any premature sales or dispositions of these investments also may adversely affect the investment results of Clients.

- **Index Contracts** – Recurrent may also invest Client assets in customized instruments seeking to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities or commodities interests. These hedging strategies may be executed by us through the use of exchange-traded index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “index contracts”) structured by investment banking or other institutions.

Index contracts generally have substantial risks associated with them, including possible default by the counterparty to the transaction, illiquidity, and, to the extent Recurrent’s view as to certain

market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, any lack of correlation between price movements of index contracts and price movements in the position of a Client may create the possibility that losses in the value of the Client's position may be greater than the gain on the hedging instrument (or that a gain in the Client's position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, a Client might not be able to close a transaction without incurring substantial losses, if at all. Any such result may have a material adverse effect on the Client.

- **Interest Rate Risk** – Rising interest rates could increase the costs of capital thereby increasing operating costs and reducing the ability of companies operating in the energy infrastructure industry to carry out acquisitions or expansions in a cost-effective manner. As a result, rising interest rates could negatively affect the financial performance of companies operating in the energy infrastructure industry in which Clients invests. Rising interest rates may also impact the price of the securities of companies operating in the energy infrastructure industry as the yields on alternative investments increase.
- **Investment and Trading Risks Generally** – All investments risk the loss of capital. No guarantee or representation is or can be made that Recurrent's investment program will be successful. Recurrent's investment program may involve, without limitation, risks associated with limited diversification, short-selling, commodity interest trading, equity risks, distressed issuers, interest rates, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks, and other risks inherent in Recurrent's activities. Certain investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which Recurrent's Clients may be subject. In addition, Client investments may be materially affected by conditions in the financial markets and U.S. and worldwide economic conditions.

Recurrent's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete, or current, and such information may be misinterpreted.

- **Investments in Distressed Issuers** – Recurrent might invest Client assets in equity securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, and "below investment-grade" debt securities, including companies involved in covenant or payment default or in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the bankruptcy court's power to disallow,

reduce, subordinate, or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is high, and there is no assurance that Recurrent will analyze such investments correctly.

- ***IPO Risk*** – The market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading, and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk.
- ***Large-Cap Company Risk*** – Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.
- ***Leverage and Liquidity Risks*** – Recurrent may have the authority to borrow funds and may do so when deemed necessary or appropriate by Recurrent or its affiliates. Recurrent may borrow funds on behalf of its Clients from brokers, banks, and other lenders to finance its investing and trading operations, which borrowings may be secured by Client assets. The use of such leverage can, in certain circumstances, maximize the losses to which a Client's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or the Client as a whole is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to Client investments could result in a substantial loss to Clients, which would be greater than if Clients were not leveraged. Leverage may be achieved through, among other methods, direct borrowing and purchases of securities on margin and the use of options and other derivatives.

The purchase of options generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to a Client. In addition, a Client may have unlimited discretion to use derivative instruments, which generally provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment.

- ***Leveraging Risk*** – Certain Client transactions, including futures contracts and short positions in financial instruments, may give rise to a form of leverage. Leverage can magnify the effects of changes in the value of the Client's investments and make the Client's portfolio more volatile. Leverage creates a risk of loss of value on a larger pool of assets than the Client would otherwise have had, potentially resulting in the loss of all assets. The Client may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ***Limited Diversification and Risk Management Failures*** – At any given time, Client assets may not be diversified to any material extent and, as a result, Clients could experience significant losses if general economic conditions, and, in particular, those relevant to the issuers whose securities are owned by Recurrent Clients (*i.e.*, energy-related securities), decline. In addition, Client portfolios could become significantly concentrated in a limited number of issuers, types of financial

instruments, industries, strategies, countries, or geographic regions, and any such concentration of risk may increase losses suffered by Clients. This limited diversity could expose Clients to losses disproportionate to market movements in general. Other investment funds pursue similar strategies, which creates the risk that many funds may be forced to liquidate positions at the same time, reducing liquidity, increasing volatility, and exacerbating losses. Although Recurrent attempts to identify, monitor, and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in Recurrent's risk management efforts could result in material losses for Clients.

- **Liquidity Risk** – Recurrent may not be able to sell some or all of the investments that Client holds due to a lack of demand in the marketplace or other factors such as market turmoil, or if Recurrent is forced to sell an illiquid asset to meet a Client's redemption requests or other cash needs it may only be able to sell those investments at a loss. Illiquid assets may also be difficult to value.
- **Litigation** – Recurrent's investment activities may subject them, its affiliates and its Clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims against a Client by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by the Client. Recurrent and its affiliates will generally be indemnified by its Clients in connection with any such litigation, subject to certain conditions.
- **Low Trading Volume Risk** – The risk that a Client may not be able to monetize his/her investment or will have to do so at a loss as a result of generally lower trading volumes of the securities compared to other types of securities or financial instruments.
- **Management and Strategy Risk** – The value of a Client's investment depends on the judgment of Recurrent about the quality, relative yield, value, or market trends affecting a particular security, industry, sector, or region, which may prove to be incorrect. Investment strategies employed by Recurrent in selecting investments for a Client may not result in an increase in the value of the Client's investment or in overall performance equal to other investments.
- **Market Capitalization Risk** – Investing in larger-sized companies subjects a Client to the risk that larger companies may not be able to attain the high growth rates of successful smaller companies, especially during strong economic periods, and that they may be less capable of responding quickly to competitive challenges and industry changes. Because Clients may invest in companies of any size, its share price could be more volatile than a Client that invests only in large companies. Small and medium-sized companies typically have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies.
- **Master Limited Partnership Risk** – Investment in securities of an MLP involves risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks, and risks related to the general partner's right to require unit-holders to sell their common units at an undesirable time or price.

Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity to enable Recurrent on behalf of its Clients to effect sales at an advantageous time or without a substantial drop in price. Investment in those MLPs may restrict Recurrent and its Client's ability to take advantage of other investment opportunities. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

- **MLP Tax Risk** – A change in current tax law, or a change in the business of a given MLP, could result in an MLP being treated as a corporation or other form of taxable entity for U.S. federal income tax purposes, which would result in the MLP being required to pay U.S. federal income tax, excise tax or another form of tax on its taxable income. The classification of an MLP as a corporation or other form of taxable entity for U.S. federal income tax purposes could reduce the amount of cash available for distribution by the MLP and could cause any such distributions received by the Client to be taxed as dividend income, return of capital, or capital gain. Therefore, if any MLPs owned by the Client were treated as corporations or other forms of taxable entity for U.S. federal income tax purposes, the after-tax return to the Client with respect to its investment in such MLPs could be materially reduced which could cause a material decrease in the asset value of the Client's portfolio.
- **Natural Resources Risk** – Recurrent may invest Client assets in companies principally engaged in owning or developing non-energy natural resources (including timber and minerals) and industrial materials or supplying goods or services to such companies. Investing in natural resources issuers (including MLPs) will be subject to the risk that prices of these investments may fluctuate widely in response to the level and volatility of commodity prices; exchange rates; import controls; domestic and global competition; environmental regulation and liability for environmental damage; mandated expenditures for safety or pollution control; the success of exploration projects; depletion of resources; tax policies; and other governmental regulation. Investments in natural resources issuers can be significantly affected by changes in the supply of or demand for natural resources. The value of investments in natural resources issuers may be adversely affected by a change in inflation.

Clients investments in the natural resources sector which is comprised of natural resources, energy, industrial, consumer, infrastructure, and logistics companies, and will therefore be susceptible to adverse economic, environmental, business, regulatory, or other occurrences affecting that sector. The energy sector has historically experienced substantial price volatility. At times, the performance of these investments may lag the performance of other sectors or the market as a whole. Companies operating in the natural resources sector are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas, or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing, or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, natural resource sector companies are subject to substantial government regulation and changes in the regulatory environment for energy companies may adversely impact their profitability. Over

time, depletion of natural gas reserves and other natural resources reserves may also affect the profitability of natural resources companies.

- ***Non-U.S. Investments*** – Recurrent might periodically invest Client assets in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, or other income, limitations on the removal of assets and general social, political, and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, Recurrent may be unable to structure Client transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce Recurrent’s Clients’ rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to Clients under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.
- ***Operational Risk*** – The risk of loss arising from shortcomings or failures in internal processes or systems of Recurrent, external events impacting those systems, and human error. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents such as major system failures.
- ***Other Derivative Instruments*** – Recurrent may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with Recurrent’s investment objective and legally permissible. Special risks may apply to instruments that are invested in by Recurrent Clients in the future that cannot be determined at this time or until such instruments are developed or invested in by Recurrent Clients. Certain swaps, options, and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk.

In general, using derivatives can have a leveraging effect and increase a Client’s portfolio volatility. Derivatives can be highly illiquid and difficult to unwind or value, and changes in the value of a derivative held by the Client’s portfolio may not correlate with the value of the underlying instrument or the Client’s portfolio of other investments. Many of the risks applicable to trading

the instruments underlying derivatives are also applicable to derivatives trading. However, additional risks are associated with derivatives trading that are possibly greater than the risks associated with investing directly in the underlying instruments. These additional risks include but are not limited to illiquidity risk, operational leverage risk, and counterparty credit risk. A small investment in derivatives could have a potentially large impact on the Client's portfolio performance. Recent legislation in the United States calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability, or may otherwise adversely affect their value or performance.

- ***Over-the-Counter Transactions*** – Recurrent invests Client assets in energy-based financial instruments, including, without limitation, exchange-traded and over-the-counter derivatives contracts such as futures, options, swaps, and forwards, which have energy commodities (such as petroleum products, natural gas, and electric power) as their reference asset. Certain of these markets are in developmental stages and may expose Clients to unusually volatile returns and illiquidity. Energy-based derivatives have the same risks associated with them as other energy-related transactions and derivative financial instruments, including a high degree of leverage, deviations between the theoretical and realizable value of the reference commodity and the derivative, and imperfections in dealer pricing. The energy markets in which Clients invest can experience periods of illiquidity, and Recurrent may choose to invest Client assets in joint ventures, private companies, physical assets (e.g., tankers, rigs, transmission lines, oil storage facilities, and oil and gas producing properties), as well as a variety of other ventures and investments. The foregoing investments may be illiquid and may not have a readily-ascertainable market value.
- ***Position Limits*** – “Position limits” imposed by various regulators may also limit Recurrent's ability to effect desired trades. Position limits are the maximum amounts of gross, net long, or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if Recurrent does not intend to exceed applicable position limits, it is possible that different accounts managed by Recurrent may be aggregated. To the extent that Client position limits were surpassed, the effect on Clients and resulting restriction on their investment activities may be significant. If at any time positions managed by Recurrent were to exceed applicable position limits, Recurrent would be required to liquidate positions of its Clients to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, Recurrent might have to forego or modify certain of Client contemplated trades.
- ***Put and Call Options*** – Recurrent, on behalf of its Clients, may also purchase exchange-listed and over-the-counter put and call options on specific securities or commodities interests. In addition, Recurrent may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security or commodities interest at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security or commodities interest at a stated exercise price at any time prior to the expiration of the option. Options written by Recurrent's Clients may be wholly or

partially covered (meaning that the Client holds an offsetting position) or uncovered. Options on specific securities or commodities interests may be used by to seek enhanced profits with respect to a particular security or commodities interest. Alternatively, Recurrent may use options for various defensive or hedging purposes.

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

- ***Regulatory Risks Relating to Energy Sector*** – The energy sector is highly regulated. Companies operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state, and local governmental agencies. Examples of governmental regulations which impact companies operating in the energy sector include, without limitation, regulation of the construction, maintenance and operation of facilities, environmental regulation, worker safety regulation, labor regulation, trade regulation, and the regulation of the prices charged for products and services. Compliance with these regulations is enforced by numerous governmental agencies and authorities through administrative, civil, and criminal penalties. Stricter laws or regulations or stricter enforcement policies with respect to existing regulations would likely increase the costs of regulatory compliance and could impact the price of oil and/or natural gas.
- ***Repurchase and Reverse Repurchase Agreements*** – Recurrent may enter into, on behalf of its Clients, repurchase and reverse repurchase agreements. When a Client enters into a repurchase agreement, it “sells” securities or commodities interests to a broker or financial institution, and agrees to repurchase such securities or commodities interests on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Client “buys” securities or commodities interests issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities or commodities interests at the price paid by the Client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities to a Client under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Client will seek to dispose of such securities, this action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Client’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a Client may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to

repurchase securities under a reverse repurchase agreement, the Client may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

- ***Secondary Market / Limited Liquidity Risk*** – The risk that the secondary market for one or more of the underlying structured investments may be limited due to a particular issuer exposure, volatility of a referenced asset or for other reasons. This lack of liquidity in the secondary market may make one or more of the underlying investments more difficult to dispose of and to value, and, therefore, may result in the strategy being less liquid than other strategies and may negatively impact secondary market valuations.
- ***Short Sales*** – Recurrent, on behalf of its Clients, may effect short sales of securities, commodities, and derivative investments made in the over-the-counter markets. Short selling is the practice of selling securities, commodities or other underlying investments (as applicable, “Underlying Investments”) or derivative investments that are not owned by the seller, generally when the seller anticipates a decline in the price of the underlying investment or for hedging purposes. To complete a short sale, Clients generally must borrow the Underlying Investments from a third party in order to make delivery to the buyer. Recurrent generally will be required to pay a brokerage commission that will increase the cost to Clients of selling such Underlying Investments. The proceeds of the short sale plus additional cash or Underlying Investments must be deposited as collateral with the lender of the Underlying Investments to the extent necessary to meet margin requirements. The amount of the required deposit will be adjusted periodically to reflect any change in the market price of the Underlying Investments that a Client is required to return to the lender. The Client generally will be entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with the lender at negotiated interest rates. The Client will be obligated to return the applicable Underlying Investments equivalent to those borrowed at any time on demand of the lender of the Underlying Investments borrowed by purchasing them at the market price at the time of replacement. Until the Underlying Investments are replaced, the Client will be required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan of the Underlying Investments. An increase in the value of any Underlying Investment that is the subject of short selling by a Client may, as a result of the foregoing, have a material adverse effect on the assets of the Client, and therefore the return on investment of the Client.
- ***Shortages of Drilling Rigs, Equipment, Supplies, and Personnel*** – In the past, there have been periods where general shortages of drilling rigs, equipment, and supplies have occurred. Shortages of drilling rigs, equipment, or supplies could delay and adversely affect the oil and gas industry and may affect the value of Client investments. The oil and natural gas industry also may in the future experience variances in the availability of qualified personnel to operate drilling rigs, which could affect certain companies’ drilling operations and, in turn, affect their business, financial condition, and results of operations. Such variances could have a material effect on the value of oil and natural gas prices and, consequently, Recurrent’s Clients.
- ***Small-Cap and Mid-Cap Company Risk*** – The securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have

lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations, or poor economic or market conditions.

- ***Supply and Demand Risk*** – Companies operating in the energy infrastructure industry may be impacted by the levels of supply and demand for energy commodities. Companies operating in the energy infrastructure industry could be adversely affected by reductions in the supply of or demand for energy infrastructure commodities. The volume of production of energy infrastructure commodities and the volume of energy infrastructure commodities available for transportation, storage, processing, or distribution could be affected by a variety of factors, including depletion of resources; depressed commodity prices; catastrophic events; labor relations; increased environmental or other governmental regulation; equipment malfunctions and maintenance difficulties; import volumes; international politics, policies of OPEC; and increased competition from alternative energy sources. Alternatively, a decline in demand for energy infrastructure commodities could result from factors such as adverse economic conditions (especially in key energy-consuming countries); increased taxation; increased environmental or other governmental regulation; increased fuel economy; increased energy conservation or use of alternative energy sources; legislation intended to promote the use of alternative energy sources; or increased commodity prices. The demand for oil and other energy commodities was adversely impacted by the market disruption and slowdown in economic activity resulting from the COVID-19 pandemic. Future pandemics could lead to reduced production and price volatility.
- ***Swap Agreements*** – Clients may enter into swap agreements and options on swap agreements (“swaptions”). Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes, or market factors. A Client, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets, or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease Client exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. Recurrent is not limited to any particular form of swap agreement if consistent with the Client’s investment objective and policies.

Swap agreements tend to shift Client investment exposure from one type of investment to another. For example, if a Client agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Client’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Client’s portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values, or other factors that determine the amounts of payments due to and from the Client. If a swap agreement calls for payments by a Client, the Client must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the

value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Client.

Whether a Client's use of swap agreements or swaptions will be successful will depend on Recurrent's ability to select appropriate transactions for the Client. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Client's portfolio. Moreover, the Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Client also bears the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Client to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Client's ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

- ***Tax, Legal, and Regulatory Risks*** – The risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax, and regulatory changes, including the risk that the current tax treatment of securities, such as MLPs, could change in a manner that would have adverse consequences for existing investors.
- ***Terrorist Attacks, War and Natural Disasters*** – Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and markets and could prevent Recurrent and its Clients from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility, and recent natural disasters have created many economic and political uncertainties, which may adversely affect the United States and world financial markets and Recurrent's Clients for the short or long-term in ways that cannot presently be predicted.
- ***Underperformance Risk*** – The risk that the strategy may underperform the underlying investments due to reasons such as the capped feature of one or more investments and the fact that such structured investments do not receive dividends.
- ***Weather Risk*** – Weather plays a role in the seasonality of some energy infrastructure companies' cash flows. Companies in the propane sector, for example, rely on the winter season to generate almost all of their earnings. In an unusually warm winter season, propane infrastructure companies experience decreased demand for their product. Although most companies can reasonably predict seasonal weather demand based on normal weather patterns, extreme weather conditions, such as hurricanes, can adversely affect performance and cash flows.

## Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which Recurrent or any supervised persons, as defined by the Advisers Act, have been involved that are material to Client's or prospective Client's evaluations of Recurrent's advisory business or management. There are no reportable material legal or disciplinary events related to Recurrent or any of its supervised persons. In the ordinary course of Recurrent's business, Recurrent, its affiliates, and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations ("SRO").

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

### **Affiliated Broker-Dealers**

Recurrent and its management persons are neither registered, nor have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Recurrent has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

### **Affiliated CPO and/or CTA**

Recurrent and its management persons are neither registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Recurrent has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor. However, Recurrent currently claims and relies on an exemption from registration under CFTC Rule 4.5 with the CFTC, with respect to the Fund, and therefore Recurrent is exempt from registration as a commodity pool operator (“CPO”). CFTC Rule 4.5 makes available an exclusion from the definition of CPO “qualifying entities” that operate pools that are regulated by some other regulatory authority (*i.e.*, registered investment companies and employee benefit plans that are subject to ERISA Title I). CFTC Rule 4.5 as it applies to registered investment companies, requires registered funds relying on the rule to: (i) refrain from marketing itself as a vehicle for trading in the commodity futures, commodity options, or swaps markets; and (ii) other than bona fide hedging transactions, comply with *de minimis* restrictions. Accordingly, Recurrent does not market itself or any of its Clients as a vehicle for trading in the commodity futures, commodity options, or swaps markets to any prospective or current investors in the Fund or any other advisory Clients.

### **Investment Company**

As stated herein above in *Item 4 – Advisory Business* and in *Item 5 – Fees and Compensation*, Recurrent is the investment adviser to the Recurrent MLP & Infrastructure Fund. The Fund a series portfolio to an unaffiliated multi-series trust, the Two Roads Shared Trust, which is organized as a Delaware statutory trust and is an open-end investment company registered under the 1940 Act. Recurrent manages the Fund and other advisory Clients’ portfolios that have similar investment objectives and pursue similar strategies as the Fund *pari passu* to the investment strategy for which they follow. Recurrent believes that it has reasonable controls in place to mitigate potential and actual conflicts of interest. These controls include trade allocation procedures that govern allocation of securities, including limited offerings and average pricing of executed trades among similar accounts, and analysis of performance achieved by accounts managed in a similar strategy. Recurrent’s procedures generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and other similar factors. Please see *Item 11 – Code of Ethics, Allocation of Investment Opportunities* of this Brochure for additional information about Recurrent’s trade allocation procedures and for a discussion of other potential conflicts of interest.

### **Relationship or Arrangements with Affiliates and/or Related Persons**

Recurrent, its management persons and related persons do not have any relationships or arrangements with any unaffiliated third-party that is material to Recurrent's advisory business or to its Clients. Recurrent, its management persons and related persons do not have any relationships or arrangements that create a potential or actual material conflict of interest with Clients.

Recurrent does not select or recommend non-affiliated investment advisers to Clients or prospective Clients. There are inherent conflicts of interest when a related person provides services to an investment adviser and its clients, in that such arrangements may not be conducted at "arm's length" and that Recurrent may have an incentive to favor a related person over an independent third party.

### **Conflicts Related to Affiliations and Other Legal Restrictions**

Recurrent may be restricted by law, regulation, or contract as to how much of a particular security it may invest in on behalf of a Client, and as to the timing of a purchase or sale. For example, holdings of a security on behalf of Recurrent's Clients may, under some SEC or state regulations, be aggregated with the holdings of that security by its affiliates. These holdings on an aggregate basis, could exceed certain regulatory reporting thresholds unless Recurrent, as well as its affiliates, monitors and restricts additional purchases.

## Item 11 Code of Ethics

Recurrent maintains 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, and has adopted policies and procedures described in its code of ethics. The code of ethics has been adopted by Recurrent in compliance with Rule 17j-1 under the 1940 Act and Section 204A of the Advisers Act. The code of ethics applies to each employee of Recurrent and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of Recurrent’s standard of business conduct.

A complete copy of Recurrent’s code of ethics (“Code of Ethics”) is available upon request to Clients or prospective clients.

The Code of Ethics is based upon the premise that all Recurrent personnel have a fiduciary responsibility to render professional, continuous, and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of Recurrent; (3) observe Recurrent’s personal trading policies so as to avoid “front-running” and other conflicts of interests between Recurrent and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by Recurrent’s CCO, and that personnel who violate the Code of Ethics are subject to sanctions by Recurrent, up to and including termination.

**Standards of Conduct:** Recurrent and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the CCO. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and Recurrent or a Client.

**Ethical Business Practices:** Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by Recurrent’s CCO. Recurrent seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the CCO and (ii) spreading false rumors pertaining to any publicly traded company.

**Confidentiality:** Employees must maintain the confidentiality of Recurrent’s proprietary and confidential information and must not disclose that information unless the necessary approval is obtained. Recurrent has a particular duty and responsibility, as investment adviser or sub-adviser, to safeguard Client information. Information concerning the identity and transactions of Clients is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

**Gift and Entertainment Policy:** Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in Recurrent’s best

interests and that of its Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of Recurrent's business relationship. Under no circumstances may (i) gifts of cash or cash equivalents be accepted or (ii) may any gifts be received in consideration or recognition of any services provided to or transactions entered into by, Client accounts.

### **Personal Trading**

**Personal Trading Policy:** In general, no access person may acquire, directly or indirectly, any beneficial ownership in any "reportable security" without first obtaining the prior written approval of the CCO or his delegate. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the CCO or his delegate for compliance with the personal trading policy and applicable SEC rules and regulations.

Recurrent's principals and employees and certain of their affiliates may, from time to time, purchase or sell for their own personal accounts financial instruments that are recommended to or purchased or sold on behalf of Clients' accounts. Recurrent's principals and employees may also take investment positions in their personal accounts that are different from, or contrary to, those taken by Client accounts; however, they generally are not permitted to trade ahead of Client accounts. Recurrent's principals and employees may frequently engage in the purchase and sale of public and private securities and other financial instruments for their own personal accounts, including financial instruments that are recommended to, owned by or purchased or sold on behalf of Client accounts. The personal trading activities of Recurrent's principals, employees and affiliates may raise various actual and potential conflicts of interest. Recurrent has implemented various compliance policies and procedures, including personal trading and reporting policies, in an attempt to reduce, mitigate, or address any such actual or potential conflicts of interest. For example, as noted above, all access persons generally are required to obtain the prior written consent of the CCO before buying or selling any "reportable security."

Whenever the CCO determines that one of Recurrent's affiliates or employees is in possession of material non-public information regarding an issuer, such issuer may either be placed on a restricted list or a watch list. When a company is placed on a watch list or restricted list, all employees are prohibited from personal trading in securities of those companies.

**Prohibition against Insider Trading:** Recurrent forbids any access person from trading, either personally or on behalf of others, including Clients advised by Recurrent, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as "insider trading". The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

**Reporting Requirements:** In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with Recurrent, within 10 days after the end of each calendar quarter of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial

ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

**Privacy Policy:** Recurrent has adopted a privacy policy that explains the manner, in which Recurrent collects, utilizes, and maintains nonpublic personal information about Clients. Recurrent recognizes and respects the privacy concerns of their potential, current, and former Clients. Recurrent is committed to safeguarding this information. As a member of the financial services industry, Recurrent will provide this Privacy Policy for informational purposes to Clients and employees and will distribute and update it as required by law. The Privacy Policy is also available to upon request.

**Collection of Information and Disclosure of Nonpublic Personal Information:** To provide Clients with effective service, Recurrent may collect several types of nonpublic personal information about Clients, including: (i) information from forms that Clients may fill out, such as subscription forms, questionnaires, and other information provided by Clients in writing, in person, by telephone, electronically, or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information Clients may give orally; (iii) information about transactions within Recurrent, including account balances, investments, and withdrawals; (iv) information about the amount Clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts Clients may use for transfers to or from separately managed accounts (if applicable).

**Disclosure of Nonpublic Personal Information:** Recurrent does not sell or rent Client information. Recurrent uses this information to conduct business with its Clients: (i) to develop or enhance its products and services; (ii) to understand the financial needs of its Clients so that Recurrent can provide such Clients with quality products and superior service; and (iii) to protect and administer its Clients' records, accounts, and funds. Recurrent does not disclose nonpublic personal information about its Clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, Recurrent may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of Recurrent; this may include attorneys, accountants, auditors, and other professionals. Recurrent may also share information in connection with the servicing or processing of Client transactions; (ii) to affiliated companies in order to provide Clients with ongoing personal advice and assistance with respect to the products and services Clients have purchased through Recurrent and to introduce Clients to other products and services that may be of value to such Clients; (iii) to respond to a subpoena or court order, judicial process, or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims, or other liabilities; and (v) upon consent of a Client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Client.

**Protection of Client Information:** Recurrent's policy is to require that all employees, financial professionals, and companies providing services on its behalf keep Client information confidential. Recurrent maintains safeguards that comply with federal standards to protect Client information. Recurrent restricts access to the personal and account information of Clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom Recurrent shares Client information must agree to follow appropriate standards of security and confidentiality. Recurrent's privacy

policy applies to both current and former Clients. Recurrent may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

**Changes to Privacy Policy:** Recurrent may make changes to its privacy policy in the future. Recurrent will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

### **Potential Conflicts**

Recurrent, its affiliates, and their respective officers, directors, trustees, stockholders, members, partners, and employees and their respective funds and investment accounts (collectively, the “Related Parties”) engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how Recurrent addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Recurrent’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using its best judgment, but in Recurrent’s sole discretion. In resolving conflicts, Recurrent will take into consideration the interests of the relevant Clients, the circumstances giving rise to the conflict, and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

**Allocation of Investment Opportunities:** Recurrent acts as investment adviser to more than one Client that may have similar investment objectives and pursue similar strategies. Certain investments identified by Recurrent may be appropriate for multiple Clients. When it is determined by Recurrent that it would be appropriate for more than one Client to participate in an investment opportunity, Recurrent will generally allocate such investment *pro rata* among the participating Clients in proportion to the relative total market value of each participating Client’s portfolio on a pre-trade basis, taking into account such other factors as it may, in its sole discretion determine appropriate. Such factors in determining how an investment opportunity is allocated may include, but are not limited to, the following considerations: (i) investment objectives, guidelines, and restrictions of the Client, including any limitations and restrictions on a Client’s portfolio that are imposed by such Client’s governing documents; (ii) regulatory restrictions or legal contractual requirements; (iii) the size, nature and type of investment; (iv) current holdings, targeted asset mix, or diversification requirements; (v) the availability of capital for investment (*i.e.*, cash position) or the size of a Client’s portfolio; (vi) pre-determined tactical plan of a Client or Clients and corresponding capital commitments; (vii) minimum trade denominations; (viii) target investment return; (ix) risk-return considerations; (x) risk tolerance of the Client; (xi) relative exposure to market trends; (xii) tax consequence; (xiii) targeted leverage level; (xiv) strategic objectives; (xv) specific liquidity requirements or liquidity needs or constraints of the Client; (xvi) determination by the Investment Committee that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients; or (xvii) other considerations that Recurrent deems necessary or appropriate in light of the circumstances at such time. In addition, if it is fair and reasonable that certain Clients 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 Clients. One or more of the foregoing considerations in this paragraph may (and are often expected to) result in

allocations among accounts other than on a *pari passu* basis. Accordingly, particular investment may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if Recurrent did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of Recurrent's various Clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit Recurrent's ability to act for a Client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of Recurrent and result in reduced performance.

Recurrent seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for its Clients, including the allocation of limited investment opportunities. Recurrent's allocation policy is based on a fundamental desire to treat each Client account fairly over time.

It is Recurrent's general policy to allocate investments among its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to Recurrent; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to Recurrent or any employee of Recurrent or to induce future services or benefits to be rendered to Recurrent or any employee of Recurrent.

Recurrent's policy, where an opportunity to purchase or sell the same securities contemporaneously for multiple Clients that have similar investment objectives and pursue similar strategies, is to aggregate Client trade orders when doing so is likely to result in a better overall price or reduced cost for the Client trade. Consistent with its fiduciary duties, Recurrent allocates trades to its Clients on a fair and equitable basis as set forth in its written allocation policy. Each Client who participates in an aggregated order participates at the average share price with all transaction costs shared on a *pro rata* basis pursuant to Recurrent's written procedures. It is Recurrent's policy that in the event an aggregated trade order for a specific security on any given day cannot be fully executed under prevailing market conditions (*i.e.*, partially filled), then the security traded should be allocated among each participating Client *pro rata* in a manner Recurrent deems to be fair and equitable, by taking into account the size of the trade order placed for each participating Client and any other relevant factors.

Client directed or other restrictions may affect the allocation of an order. If a Client directed restriction is placed on a particular security or group of securities, the order will be allocated to the other participating accounts as described above.

Recurrent formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each Client, and other factors set forth above across the various Client accounts, including any ERISA accounts. When a new investment is being made, Recurrent allocates investment opportunities among those Clients based upon the percentages determined by the plan.

**Investment Negotiation:** In order to ensure compliance with Section 17(d) under the 1940 Act 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 any Recurrent managed pooled investment vehicle that is a registered investment company (e.g., the Fund). If the investment is held in any Recurrent managed pooled investment vehicles that is a registered investment company, that person must contact the CCO for guidance. The transaction is generally permitted if all accounts are in the same part of the capital structure and participate in the investment pro rata. Alternatively, Recurrent may impose a “Chinese Wall” between retail/institutional investment decision-making. One person can negotiate, provided final investment decision is still made separately. Recurrent may also consult outside counsel for guidance.

**Position Conflicts:** Another type of conflict may arise if Recurrent causes one Client account to buy a security and another Client account to sell or short the same security. Currently, such opposing positions are not permitted within the same account or within any accounts managed by the same portfolio manager without prior trade approval by the CCO. 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, Recurrent 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.), Recurrent may purchase, sell or continue to hold securities for certain Client accounts contrary to other recommendations. In addition, Recurrent 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.

**Cross Trading:** In an effort to reduce transaction costs, increase execution efficiency, and capitalize on timing opportunities, Recurrent may execute cross trades or sell a security for one affiliated Client to another affiliated Client, without interposing a broker-dealer. All cross trades are subject to the cross-trade procedures set forth in Recurrent’s written policies and procedures. Cross trades, however, may present an inherent conflict of interest because Recurrent and/or its affiliates represent the interest of the buyer and seller in the same transaction. As a result, Clients involved in a cross-trade bear the risk that the price obtained from a cross-trade may be less favorable than if the trade had been executed in the open market. In addition, see *Item 12 – Brokerage Practices, Cross Trades* of this Brochure for more information.

Recurrent addresses these conflicts of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Recurrent’s written policies and procedures, and through the implementation of cross-trade policies and procedures.

**Trade Aggregation:** In some circumstances, Recurrent may seek to buy or sell the same securities contemporaneously for multiple Client accounts. Recurrent may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients, but are not required to do so. In particular, Recurrent may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if Recurrent determines that aggregation is not practicable, not required, or inconsistent with Client direction. When transactions are aggregated, and it is not possible,

due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage a particular Client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all Client accounts seeking the investment opportunity or a Client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable Client to participate in the opportunity.

There are instances when circumstances specific to individual Clients will limit Recurrent's ability to aggregate or allocate trades. For example, if a Client requests directed brokerage, Recurrent may not be able to aggregate or allocate these trades. Additionally, as stated above, there may be times when there is limited supply or demand for a particular security or investment. In such instances, a Client may not be able to realize the efficiencies which might exist for larger transactions. In some cases, trade aggregation and/or allocation may adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account, which could cause performance divergence from similar accounts. In other cases, an account's ability to participate in volume transactions may produce better executions and prices for the account. Recurrent may adjust allocations to eliminate fractional shares or odd lots, or to account for minimum trade size requirements and has the discretion to deviate from its allocation procedures in certain circumstances.

**Conflicts Related to Valuation:** Recurrent may have a role in determining asset values with respect to Client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because Recurrent may be paid an asset-based fee on certain Client accounts. In order to mitigate these conflicts, Recurrent determines asset values in accordance with valuation procedures, which are set forth in Recurrent's Compliance Manual. In addition, see *Item 12 – Brokerage Practices, Security Valuation* of this Brochure for more information about Valuation.

**Conflicts Related to Investments in Affiliated Fund:** Recurrent may purchase for its Clients interests in other pooled investment vehicles, including Fund, offered by Recurrent. An investment by a Client in such a vehicle means Recurrent would receive an advisory, or other fees, from the Client in addition to the advisory fees charged for managing the Client's account. In choosing between vehicles managed by Recurrent and those not affiliated with Recurrent, Recurrent may have a financial incentive to choose affiliated vehicles over third part vehicles by reason of additional investment management, advisory or other fees or compensation Recurrent may earn. To the extent Recurrent invests a Client's assets in sponsored (affiliated) pooled investment vehicles (e.g., the Fund), these assets generally will not be included as the Client's assets for purposes of calculating or charging the Client's management fee. The potential for fee offsets, rebates, or other reduction arrangements may not necessarily eliminate this conflict, and Recurrent may nevertheless have a financial incentive to favor investments in an affiliated vehicle. If Recurrent invest in an affiliated vehicle, a Client should not expect Recurrent to have better information

with respect to that vehicle than other investors may have (and if Recurrent does have better information, they may be prohibited from acting upon it in a way that disadvantages other investors). Additionally, Recurrent's affiliates may sponsor and manage funds and accounts that compete with Recurrent or make investments with funds sponsored or managed by third-party advisers that would reduce capacity otherwise available to Recurrent's Clients.

**Conflicts Related to Information Possessed by or Provided by Recurrent:** Certain Related Parties may receive or create information (*e.g.*, proprietary technical models) that is not generally available to the public. Recurrent has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information and in many cases Recurrent will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information, regarding Related Parties' transactions or views, that is not available to other Clients, and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other Clients (*e.g.*, through market movements or decreasing availability or liquidity of securities).

**Information Barriers and the Restricted List:** Recurrent currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from Recurrent's decision not to implement such screens, Recurrent maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Recurrent's policies and procedures. In addition, Recurrent's CCO maintains a list of restricted securities as to which Recurrent or its affiliates may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the CCO. In the event that any employee of Recurrent or its affiliates obtains such material non-public information, Recurrent may be restricted in acquiring or disposing of investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in Recurrent, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of Recurrent, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact Recurrent's ability to perform investment management services on behalf of Clients. In addition, while Recurrent currently operates without information barriers on an integrated basis, Recurrent could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Recurrent's ability to operate as an integrated platform could also be impaired, which would limit Recurrent's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

**Conflicts Related to Relationships with Third Parties:** Recurrent may advise third-parties regarding valuation, risk management, transition management, and potential restructuring or disposition activities in connection with proprietary or Client investments, which may create an incentive to purchase securities or other assets from those third parties or engage in related activities to bid down the price of such assets, which may have an adverse effect on a Client.

Recurrent may work with pension or other institutional investment consultants and such consultants may also provide services to Recurrent. Consultants may provide brokerage execution services to Related Parties, and Related Parties may attend conferences sponsored by consultants. Recurrent also may be hired to provide investment management or other services to a pension or other institutional investment consultant that works with a Client, which may create conflicts.

Related Parties may in-source or out-source to a third party certain processes or functions, which may give rise to conflicts. There may be conflicts when negotiating with third-party service providers if Related Parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which Related Parties have a greater entitlement to reimbursement or less expense on Clients for which Related Parties have lesser (or no) entitlement to reimbursement. Related Parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to Related Parties and they may use such analysis to provide investment advice to other Clients.

Related Parties may purchase information (such as periodicals, conference participation, papers, or surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of Related Parties to their Clients.

In selecting broker-dealers that provide research or other products or services that are paid with soft dollars, conflicts may arise between Recurrent and a Client because Recurrent may not produce or pay for these benefits but may use brokerage commissions generated by Client transactions. Soft dollar arrangements may also give Recurrent an incentive to select a broker-dealer based on a factor other than Recurrent's interest in receiving the most favorable execution. Conflicts of interest related to soft dollar relationships with brokerage firms may be particularly influential to the extent that Recurrent uses soft dollars to pay expenses it might otherwise be required to pay itself. Furthermore, research or brokerage services obtained using soft dollars or that are bundled with trade execution, clearing, settlement, or other services provided by a broker-dealer may be used in such a way that disproportionately benefits one Client over another (e.g., economics of scale or price discounts). For example, research or brokerage services paid for through one Client's commission may not be used in managing that Client's account. Additionally, where a research product or brokerage service has a mixed-use, determining the appropriate allocation of the product or service may create conflicts. See *Item 12 – Brokerage Practices* of this Brochure for information regarding Recurrent's use of soft dollars.

Conflicts may arise where Recurrent has the responsibility and authority to vote proxies on behalf of its Clients. Please refer to *Item 17 – Voting Client Securities* of this Brochure for information regarding the policies and procedures governing Recurrent's proxy voting activities.

Recurrent may conduct business with institutions such as broker-dealers or investment banks that invest, or whose clients invest, in pooled investment vehicles sponsored or advised by Recurrent, or may provide other consideration to such institutions or recognized agents, and as a result Recurrent may have a conflict of interest in placing its brokerage transactions.

**Other Accounts and Relationships:** As part of Recurrent's regular business, Recurrent and its Related Parties hold, purchase, sell, trade, or take other related actions both for their respective accounts and for the accounts of their respective Clients, on a principal or agency basis, subject to applicable law including

Section 206(3) of the Advisers Act, with respect to loans, securities, and other investments and financial instruments of all types. The Related Parties also provide investment advisory services, among other services, and engage in private equity, real estate, and capital markets-oriented investment activities. The Related Parties will not be restricted in their performance of any such services or in the types of debt, equity, real estate, or other investments which they may make. The Related Parties may have economic interests in or other relationships with respect to investments made by Clients. In particular, but subject to Recurrent's personal trading policy the Related Parties may make and/or hold an investment, including investments in securities, that may compete with, be *pari passu*, senior or junior in ranking to an investment, including investments in securities, made and/or held by Clients or in which partners, security holders, members, officers, directors, agents, or employees of such Clients serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions by Clients and otherwise create conflicts of interest for Clients. In such instances, the Related Parties may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to Client investments. In connection with any such activities described above, but subject to Recurrent's personal trading policy the Related Parties may hold, purchase, sell, trade, or take other related actions in securities or investments of a type that may be suitable for Clients. Subject to Recurrent's personal trading policy, the Related Parties will not be required to offer such securities or investments to Clients or provide notice of such activities to Clients. In addition, in managing Client portfolios, Recurrent may take into account its relationship or the relationships of its affiliates with obligors and their respective affiliates, which may create conflicts of interest. Furthermore, in connection with actions taken in the ordinary course of business of Recurrent, in accordance with its fiduciary duties to its Clients, may take, or be required to take, actions which adversely affect the interests of its Clients.

The Related Parties have invested and may continue to invest in investments that would also be appropriate for Clients. Such investments may be different from those made on behalf of Clients. No related advisor nor any Related Party has any duty, in making or maintaining such investments, to act in a way that is favorable to Clients or to offer any such opportunity to Clients, subject to Recurrent's allocation policy and personal trading policy. The investment policies, fee arrangements, and other circumstances applicable to such other parties may vary from those applicable to Clients. Any Related Party may also provide advisory or other services for a customary fee with respect to investments made or held by Clients, and no stockholders nor Clients shall have any right to such fees except to the extent the governing documents of the applicable Client expressly provide otherwise. Any Related Party may also have ongoing relationships with, render services to, or engage in transactions with other Clients, who make investments of a similar nature to those of Clients, and with companies whose securities or properties are acquired by Clients and may own equity or debt securities issued by Clients. In connection with the foregoing activities any Related Party may from time to time come into possession of material nonpublic information that limits the ability of Recurrent to effect a transaction for Clients, and Client investments may be constrained as a consequence of Recurrent's inability to use such information for advisory purposes or otherwise to effect transactions that otherwise may have been initiated on behalf of its Clients.

Although the professional staff of Recurrent will devote as much time to Clients as they deem appropriate to perform their duties, the staff may have conflicts in allocating its time and services among Client accounts.

The directors, officers, employees, and agents of the Related Parties may, subject to applicable law, serve as directors (whether supervisory or managing), officers, employees, partners, agents, nominees, or signatories, and receive arm's length fees in connection with such service, for Clients or any Related Party, or for any Client joint ventures or any affiliate thereof, and no Clients nor their stockholders shall have the right to any such fees except to the extent the governing documents of the applicable Client expressly provide otherwise.

The Related Parties serve or may serve as officers, directors, or principals of entities that operate in the same or a related line of business as Clients, or of other investment funds managed by Recurrent. In serving in these multiple capacities, they may have obligations to other Clients or investors in those entities, the fulfillment of which may not be in the best interests of Clients or their stockholders. Clients may compete with other entities managed by Recurrent for capital and investment opportunities.

There is no limitation or restriction on Recurrent with regard to acting as investment manager (or in a similar role) to other parties or persons. This and other future activities of Related Parties may give rise to additional conflicts of interest. Such conflicts may be related to obligations that Recurrent or its affiliates have to other Clients.

**Approach to Other Potential Conflicts:** Various parts of this Brochure discuss potential conflicts of interest that arise from Recurrent's asset management business model. Recurrent discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, Recurrent owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between Recurrent and Clients; or between its employees and its Clients. Where potential conflicts arise, Recurrent will take steps to mitigate, or at least disclose, them. Conflicts that Recurrent cannot avoid (or chose not to avoid) are mitigated through written policies that Recurrent believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, through the use of robust compliance practices, Recurrent believes that it has handled these conflicts appropriately. These interactions are not static; Recurrent's business is continually evolving, and changes in Recurrent's activities can lead to new potential conflicts. Recurrent reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

## Item 12 Brokerage Practices

As a general rule, Recurrent receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, Recurrent's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. Recurrent may also have the authority to enter into International Swap and Derivatives Association (“ISDA”), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of Recurrent’s Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, Recurrent is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless Recurrent and the Client have entered into a non-discretionary arrangement, Recurrent generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions.

### **Brokerage Selection**

The overriding consideration in allocating Client orders for execution is the maximization of Client profits (or minimization of losses) through a combination of controlling transaction costs (including market impact) and seeking the most effective uses of a broker’s capabilities. When Recurrent has the authority to select broker-dealers to execute transactions for its Clients, it seeks to obtain the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In so doing, Recurrent considers all factors it deems relevant. Such factors may be either venue specific or transaction specific and may include, but are not limited to: (A) for venues: (i) execution capability including speed of execution, quality of communication links to Recurrent, clearance and trade settlement history, and capability and ratio of complete versus incomplete trades; (ii) ability to handle large trades in securities having limited liquidity without undue market impact and ability to provide liquidity (as principal, agent, or otherwise); (iii) access to market liquidity and quotation sources; (iv) financial condition of the counterparty, including reputation and creditworthiness; (v) responsiveness and reliability in executing trades, keeping records, and accounting for and correcting administrative errors; (vi) ability to maximize price improvement opportunities, including the ability to provide ad hoc information or services; and (vii) ability to comply with all regulatory requirements; and (B) for transactions: (i) price and overall cost of the transaction, including any related credit support; (ii) the size, type, and timing of the transaction; (iii) existing and expected activity in the market for the security, including any trading patterns of the security and the particular marketplace; (iv) nature and character of the security or instrument and the markets on which it is purchased or sold; (v) value of research provided, if permitted under applicable law or regulation; (vi) fund or portfolio objectives or Client requirements (if permissible), as may be applicable; (vii) if applicable, Client-directed brokerage arrangements; and (viii) applicable execution venue factors.

Recurrent does not consider a broker-dealer’s sale of Recurrent’s affiliated products, including shares of the Fund or any other advised investment company, when determining whether to select such broker or dealer to execute Client portfolio transactions. Recurrent may also enter into over-the-counter derivatives transactions generally on stocks, indices, interest rates, debt securities, or currencies to seek to enhance the Client’s portfolio return and attempt to limit downside risk. Counterparties to these derivatives transactions

are selected based on a number of factors, including credit rating, execution prices, execution capability with respect to complex derivative structures, and other criteria relevant to a particular transaction.

Recurrent's endeavor is to be aware of current charges assessed by relevant broker-dealers and to minimize the expense incurred for effecting portfolio transactions, to the extent consistent with the interests and policies of Client accounts. However, Recurrent will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although Recurrent generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. Recurrent may pay higher commission rates to those brokers whose execution abilities, brokerage, or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results.

Unless inconsistent with Recurrent's duty to seek best execution, Recurrent may direct a broker to execute a trade and "step out" a portion of the commission in favor of another broker that provides brokerage or research related services to Recurrent as described above. Recurrent may also use step out transactions in fulfilling a Client-directed brokerage arrangement, to allow for an order to be aggregated, or for regulatory or other purposes. However, Recurrent does not enter into agreements with, or make commitments to, any broker-dealer that would bind Recurrent to compensate that broker-dealer, directly or indirectly, for Client referrals or sales efforts through placement of brokerage transactions; nor will Recurrent use step out transactions or similar arrangements to compensate selling brokers for their sales efforts. Recurrent's sponsored Fund has adopted procedures pursuant to Rule 12b-1(h) under the 1940 Act which provide that neither the funds nor Recurrent may direct brokerage in recognition of the sale of fund shares. Consistent with those procedures, Recurrent does not consider sales of shares of its Fund, as a factor in the selection of brokers or dealers to execute portfolio transactions. However, whether or not a particular broker or dealer sells shares of Recurrent's sponsored Fund neither qualifies nor disqualifies such broker or dealer to execute transactions for the Fund.

### **Soft Dollars**

In those circumstances where more than one broker-dealer is able to satisfy Recurrent's obligation to obtain best execution, Recurrent 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. Recurrent may do this 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:

- Recurrent determines:
  - (i) The research or brokerage product or service constitutes an eligible brokerage or research service;
  - (ii) The product or service provides lawful and appropriate assistance in the performance of Recurrent's investment decision making responsibilities; and
  - (iii) In good faith the amount of Client commissions paid is reasonable in light of the value of the products or services provided.

- The brokerage or research is “provided by” a broker-dealer who participates in effecting the trade that generates the commission. Recurrent 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.
- Recurrent may only generate soft dollars with commissions in agency transactions. Recurrent may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or over-the-counter (“OTC”) security may be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between Recurrent and the market for that security.
- 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;
  - (iii) The Client has a directed brokerage arrangement.
- The brokerage trade placed is for “securities” transactions (and not, for example, futures transactions).

If a Client account is under the custody of one brokerage firm and another brokerage firm is a selling group member for an underwriting syndicate, such a Client account may not be able to participate in the purchase of securities in the underwriting because the custodial brokerage firm was not a selling group member. In addition, to the extent that a Client directs brokerage trades to be placed with a particular broker, the allocation of securities transactions may be impacted.

Recurrent may enter into, written or formal or informal agreements with brokers or third parties where Recurrent may use “soft dollars” generated by Client accounts to pay for the research and/or related services provided by brokers described above. The term “soft dollars” refers to the receipt by us of products and services provided by brokers without any cash payment by Recurrent, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients’ accounts. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

Using “soft dollars” to obtain investment research and/or related services creates a potential conflict of interest between Recurrent and its Clients’ accounts, because the “soft dollars” may be used to acquire such products and services that are not exclusively for the benefit of the Client accounts that paid such commissions and may primarily benefit Recurrent. To the extent that Recurrent is able to acquire these products and services without expending Recurrent resources (including management fees paid by Client accounts), Recurrent’s use of “soft dollars” would tend to increase its profitability. Furthermore, Recurrent may have an incentive to select or recommend brokers based on its interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution. Recurrent may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits. Recurrent does not, however, negotiate higher rates on fees and expenses to be paid by Clients in exchange for lower rates on fees and expenses to be paid by Recurrent.

Research services furnished by brokers through whom Recurrent effects securities transactions may be used in servicing all of Recurrent's Clients' accounts, and not all such services may be used in connection with the accounts which paid commissions to the broker providing such services. Recurrent seeks to allocate soft dollar benefits among Client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that Recurrent will be successful in this regard.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a safe harbor to advisers who use soft dollars generated by Client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to Recurrent in the performance of investment decision-making responsibilities. Recurrent intends that any soft dollars that it receive in connection with Client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act. Examples of eligible services and products include independent stock research, economic research, research in specific industry sectors, real time feeds, newswires, strategic analysis, and back office systems.

### **Brokerage for Client Referrals**

Recurrent does not consider, in selecting a broker-dealer, whether Recurrent or its Related Persons receives Client or investor referrals from such broker-dealer.

### **Directed Brokerage**

Recurrent does not routinely recommend, request or require that a Client direct Recurrent to execute transactions through a specified broker-dealer. Generally, Recurrent does not accept Clients who require transactions be executed through a specified broker-dealer. However, Clients may recommend Recurrent uses their preferred broker-dealer(s). Recurrent will use such broker-dealer(s) subject to its determination that said broker-dealer provides best execution of the Client transactions. In a situation where a Client directs Recurrent to place trades with a particular broker-dealer, Recurrent may not be free to seek the best price, volume discounts, or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing Recurrent to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct Recurrent to use a particular broker-dealer and those Clients who do not direct Recurrent to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.

### **Aggregation of Orders**

Orders of Clients may be combined (or "bunched") when possible to obtain volume discounts resulting in a lower per share commission. Please see *Item 11 – Code of Ethics, Trade Aggregation* of this Brochure for more information regarding Recurrent's trade aggregation procedures.

### **IPO/Limited Offering Allocations**

Clients may from time to time participate in an initial public offering (an "IPO"), or other types of limited offerings, if the portfolio manager managing the portfolio believes that the offering is an appropriate investment based on the portfolio's investment restrictions, risk profile, asset composition, and/or cash levels. Clients must be eligible to receive allocations of IPOs pursuant to relevant FINRA regulations. In the event that Recurrent reasonably determines that a Client is not eligible to receive IPO allocations

pursuant to these regulations or does not have reasonable assurances that the Client is eligible to receive allocations, Recurrent may prohibit the Client's account from receiving any allocations of an available offering. Recurrent's IPO/limited offering allocation procedures generally require all shares to be allocated on a pro-rata basis to all participating eligible accounts based on the total assets of each account. In certain circumstances, Recurrent may deviate from a *pro-rata* allocation to account for allocation sizes that are deemed by investment personnel to be *de minimis* for certain eligible accounts or to address situations specific to individual accounts (e.g., cash limitations, position weightings, etc.). Recurrent cannot assure, in all instances, participation in IPOs or limited offerings by all eligible accounts. In the event an eligible account does not participate in an offering, Recurrent does not reimburse for opportunity costs. See *Item 11 – Code of Ethics, Allocation of Investment Opportunities* of this Brochure for more information regarding potential conflicts of interest.

### **Cross Trades**

In its discretion, Recurrent may, but is not required to, engage in “cross trades”, whereby Recurrent causes one of its Clients to sell a security and another of its Clients to purchase the same security at or about the same time, provided such transaction is in the best interests of both accounts and is consistent with Recurrent's best execution obligations. Cross trades may be used in an effort to obtain best execution because cross trades can potentially reduce transaction costs and increase execution efficiency. Cross trades present potential conflicts of interest. For example, there is a risk that the price of a security bought or sold in a cross trade may not be as favorable as it might have been had the trade been executed in the open market. Additionally, there is a potential conflict of interest when a cross trade involves a Client account on one side of the transaction and an account in which Recurrent has substantial ownership or a controlling interest (such as a newly-formed sponsored Fund) or an account in which Recurrent receives a higher management fee on the other side of the transaction.

To address these potential conflicts, Recurrent maintains policies and procedures, which require that all cross trades are made at an independent current market price and are consistent with Section 206 of the Advisers Act. In addition, if one of the parties to the cross trade is a registered investment company, the transaction must comply with procedures adopted under Rule 17a-7 under the 1940 Act. Recurrent does not permit cross trades with accounts subject to ERISA. While Recurrent generally does not execute cross trades among the Fund and other Client accounts, Recurrent may execute cross trades among Separate Accounts and/or other accounts managed by Recurrent. See *Item 11 – Code of Ethics, Cross Trades* of this Brochure for more information regarding potential conflicts of interest.

### **Security Valuation**

Equity securities are generally valued on the basis of market quotations. Fixed-income securities are generally valued in accordance with an evaluated bid price supplied by a pricing service. The evaluated bid price supplied by the pricing service is an evaluation that reflects such factors as security prices, yields, maturities, and ratings. Certain short-term instruments maturing within 60 days or less are valued at amortized cost, which approximates market value. If a market quotation or evaluated price is not readily available or is deemed unreliable, or if an event that is expected to affect the value of a portfolio security occurs after the close of the principal exchange or market on which that security is traded, and before the close of the New York Stock Exchange, the fair value of a security will be determined in good faith under policies and procedures established by and under the supervision of Recurrent's Investment Committee.

Although Recurrent is not generally the pricing agent for its Clients, Recurrent, in certain cases and upon request, may provide a fair value price to a Client's pricing agent, solely for informational purposes, for a security in cases where market quotations or evaluated prices are not readily available or deemed unreliable due to significant events or other factors. In these instances, the Client's pricing agent makes the ultimate determination of the security's value. Because Recurrent may be compensated based on the value of assets held in an account or based on the performance of the account, Recurrent may have a potential incentive to set a high valuation for a security; however, Recurrent does not intend to use valuations that are higher than fair value. Recurrent believes that this potential conflict may be mitigated by its valuation policy and procedures.

There may be differences in prices for the same security held by Recurrent's Clients because its provided price (for the situations described above) may not be accepted by the relevant pricing agent. In addition, certain Clients, such as Recurrent's sponsored Fund, may utilize a third-party valuation model to value equity securities of non-U.S. issuers to adjust for stale pricing which may occur between the close of the non-U.S. exchanges and the New York Stock Exchange. These pricing models may not be used by the relevant pricing agent. Benchmark indexes generally do not use fair value pricing and use national and regional indices to value securities using unadjusted closing prices in local markets. In addition, the value of assets denominated in non- U.S. currencies is converted into U.S. dollars using exchange rates deemed appropriate by Recurrent, which may also vary from the exchange rates used for calculation on any given index.

### **Trade Rotation**

To address the conflicts of interest and trading matters, Recurrent maintains brokerage and trading policies, including policies and procedures for best execution discussed above and trade rotation. Recurrent believes its policies and procedures are consistent with its duties as a fiduciary to treat its Clients fairly in a manner that does not systematically favor one Client (or group of Clients) over another Client (or group of Clients).

Depending on the market capitalization, or market availability, of certain securities, trade orders may take multiple days to complete and may be executed as part of a rotation. If Recurrent determines that there is not sufficient liquidity in the market to support an entire trade or order, Recurrent will take steps to manage the liquidity profile of the order and minimize its impact on the market. In limited circumstances, this may include rotating trades between its Clients. To the extent Recurrent deems a trade highly illiquid, Recurrent may split the trade into smaller orders and then rotate in the same manner as trades for illiquid securities would be rotated. Rotating trades may result in a longer delay in executing trades and/or a materially better or worse price for Clients that are traded in later rotations.

Conflicts of interest can arise between Recurrent best execution policies and procedures and trading instructions that Recurrent may receive from Client agreements. In those cases, Recurrent will act in a manner that it believes is consistent with the best interests of its Clients and its best execution policies and procedures.

### **ADRs**

In certain circumstances, Recurrent may invest Client assets in ADRs. When doing so, depending upon the existence and/or liquidity of the ADR and other factors, these trades may be executed in the U.S. or in a

non-U.S. market. When trades are executed in non-U.S. markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert these non-U.S. securities into U.S. ADRs (denominated in U.S. dollars). Broker-dealers or other securities intermediaries may charge commissions, conversion and/or other fees for converting the securities into ADRs, all of which will be included (*i.e.* netted) into the price of the securities. These conversion fees may be negotiable, may vary, and typically are paid by the Clients.

Additionally, Recurrent may convert a non-U.S. security to an ADR that would be considered highly illiquid when traded in the U.S. This may make it difficult to liquidate a position when Clients close an account, transfer the assets to another firm, request a withdrawal, or initiate some other transaction that requires the security be traded domestically versus in the foreign security market. The liquidity, or lack thereof, of the converted ADRs in the U.S. market could result in a transaction price that differs substantially from the transaction price that could be obtained if that same security was transacted in the non-U.S. market.

### **Company Errors**

Trade errors may occur either in the investment decision-making process (*e.g.*, a purchase of a security or an amount of security that violates a Client's investment restrictions) or in the trading process (*e.g.*, a buy order executed as a sell, the purchase or sale of a security other than what was intended, or trading an incorrect quantity of securities). Internal or clerical mistakes that affect the investment or trading process and have a financial impact to a Client will also be treated as trade errors.

A "trade error" will generally be defined as a transaction that is executed in a manner that was not intentional and results in a corrective action being taken. Any mistakes that do not affect the investment decision-making or trading process or cause a violation of a Client's investment policies or restrictions and do not cause gain or loss to the Client, will not be treated as trade errors.

Recurrent's traders will be responsible for notifying the CCO promptly of the circumstances of any trade error. Traders will discuss any action taken to correct a trade error (*e.g.* selling a security in the open market) and/or any other corrective action with the CCO prior to its implementation as to whether such action is appropriate.

If a third party creates the error, Recurrent will look to the third party to take corrective action. Broker-dealers may be held responsible for a portion of any loss resulting from a trade error if actions of such broker-dealer contributed to the error or the loss. Recurrent will require broker-dealers to assist in rectifying a trade error on favorable terms if their actions or inactions contributed to the error or the resulting loss. A broker may absorb the loss from a trade error caused by the broker. Recurrent will not direct brokerage commissions to brokers or enter into other reciprocal arrangements with brokers, in order to induce a broker to absorb a loss from a trading error caused by Recurrent. No soft-dollars may be used to satisfy any trade errors. In addition, Recurrent may not use the securities in one Client's account to settle the trade error in another Client's account.

## Item 13 Review of Accounts

Recurrent's Investment Committee has the responsibility to exercise and maintain prudent supervision and control of the Client's investments and portfolios. The Investment Committee continuously reviews and insures the investment policies, guidelines, and objectives for each Client's general investment strategy are achieved and attained per the Client's investment policies, guidelines, and objectives as stated in the Client's governing documents. The Investment Committee maintains prudence and effectiveness of each investment of the Client and formulates and oversees the investment policies and management of the Client's assets, and periodically reviews investment strategies and investment performance. In carrying out its duties the Investment Committee provides recommendations on investment opportunities through a stringent due diligence process to identify investment opportunities that meet the Client's stated investment objective and goals; reviews individual investment performance and recommends changes when appropriate; and works closely with staff to ensure that the investment objectives are being met as stated in the Client's governing documents. In monitoring the Client's portfolio of investments, the Investment Committee ensures (i) the management of investments and capital actions are in compliance and consistent with attainment of the Client's investment policy, financial objectives, and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements. The review process is further augmented by regular quarterly meetings between the portfolio manager, the Investment Committee and the CCO. In addition to, and not as a substitute for the foregoing, additional reviews are conducted in accordance with Client requests as set forth in the relevant investment management agreement.

The Investment Committee is comprised of Messrs. Mark J. Laskin and Bradley R. Olsen (also the CCO). The Investment Committee meets frequently, if not daily, by meeting in person, telephone conference, or other interactive electronic communication to discuss market conditions, portfolio analysis, and investment transaction matters.

### Nature and Frequency of Reporting

The frequency and nature of reports prepared for Clients varies depending on each Client's requirements and interests. Recurrent provides and may in the future provide certain information and documentation to certain Clients that are not distributed or otherwise made available to other Clients. Clients generally receive monthly or quarterly written reports showing portfolio activities and performance on a current and year-to-date basis. These written reports typically disclose all holdings in the Client's account, including cash, together with cumulative year-to-date information about dividends and interest realized by the account. Recurrent may furnish certain account transaction and portfolio holdings to institutional Clients such as Fund and Separate Accounts and their service providers on a more frequent basis. Depending on the type of account, Recurrent may also provide oral and/ or written presentations about the account's performance on a periodic basis. Recurrent will also provide Clients, upon request, other information regarding their portfolio within the parameters of its compliance policies. Face-to-face meetings or teleconferences are held at least annually with each Client. Clients may request a meeting with Recurrent at any time. With respect to the Separate Accounts, the qualified custodian generally provides each advisory Client, on at least a quarterly basis, an account statement identifying the amount of the funds and securities in the Clients' account(s) and any transactions in the Clients' account(s) during the applicable calendar quarter. **Clients are urged to compare any account statements that they receive from Recurrent with the account statements that it receives from its qualified custodians.**

## Item 14 Client Referrals and Other Compensation

Recurrent does not receive any economic benefits, including sales awards or prizes, from non-clients for providing investment advice and other advisory services. It is Recurrent's policy not to accept or allow its related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-Client in conjunction with the advisory services it provides to its Clients.

From time to time, Recurrent may directly or indirectly compensate one or more third-parties for advisory client referrals (each, a "Solicitor"). When Recurrent engages a third-party Solicitor to solicit prospective advisory clients, such third-party client solicitation arrangements are made in compliance with Rule 206(4)-1 of the Advisers Act.

Additionally, Recurrent compensates certain unaffiliated broker-dealers ("Wholesalers") for the marketing and distribution of shares of the Fund, in compliance with applicable law. Each Wholesaler is compensated by Recurrent for providing such service, pursuant to an agreement between Recurrent and each individual Wholesaler. The Wholesalers are not affiliated with Recurrent, its affiliates, or any of its Clients. Recurrent does not execute transactions for any of its Clients through the Wholesalers.

Consistent with Recurrent's policy and applicable regulation, Recurrent may from time to time in the future also pay for, or reimburse broker-dealers to cover, various costs arising from, or activities that may result in, the sale of advisory products or services, including: (i) Client and prospective Client meetings and entertainment; (ii) sales and marketing materials; (iii) educational and training meetings or entertainment activities with the registered representatives of such broker-dealers and other personnel from entities that distribute Recurrent's products and/or services; and (iv) charitable donations in connection with events involving personnel or Clients of entities that distribute Recurrent's products and/or services.

Furthermore, Recurrent may from time to time in the future have arrangements in place to purchase services, publications, general consulting advice, conference attendance, or limited advisory services from third-party consultants. Generally, these consultants do not solicit Clients on behalf of Recurrent or its affiliates but may recommend Recurrent to their Clients. To the extent Recurrent enters into a referral arrangement with third-party consultants, such arrangement will be made in accordance with Rule 206(4)-1.

As stated in *Item 12 – Brokerage Practices*, Recurrent may allocate portfolio transactions to broker-dealers who provide research and/or related services.

## Item 15 Custody

To the extent required by law, all Client securities and cash are held by qualified custodians. Custodians provide account statements directly to the Clients on at least a quarterly basis.

Separate Account Clients will receive account statements from their broker-dealer, bank, or qualified custodian and should carefully review those statements. Separate Accounts Clients should carefully review those statements and, to the extent Recurrent also delivers statements to such Clients, compare Recurrent's statement to the statements of the qualified custodian. For tax and other purposes, the custodial statement is the official record of a Separate Account Client's account and assets. Statements received from Recurrent may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* of this Brochure for more information about Recurrent's account statements.

## Item 16 Investment Discretion

As a general rule, Recurrent receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, Recurrent's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. Recurrent may also have the authority to enter into International Swap and Derivatives Association (“ISDA”), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of Recurrent’s Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, Recurrent is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless Recurrent and the Client have entered into a non-discretionary arrangement, Recurrent generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions. See *Item 4 – Advisory Business* of this Brochure for additional information on Clients’ ability to tailor investment guidelines. See *Item 12 – Brokerage Practices* of this Brochure for more information.

## **Item 17 Voting Client Securities**

Recurrent shall vote proxies solicited by or with respect to the issuers of securities in which assets of a Client portfolio are invested, unless: (i) the Client is subject to ERISA and the Advisory Contract between Recurrent and the Client expressly precludes the voting of proxies by Recurrent; (ii) the Client is not subject to ERISA and the Client otherwise instructs Recurrent; or (iii) Recurrent has responsibility for proxy voting and, in Recurrent's judgment, the cost or disadvantages of voting the proxy would exceed the anticipated benefit to the Client. If the Client does not grant direct voting authority to Recurrent, Clients will not receive information about their proxies from Recurrent. Instead, Clients will be instructed to receive proxies from their custodian, transfer agent, or other third-party service providers such as their proxy service provider.

### **Primary Consideration in Voting**

When Recurrent votes a Client's proxy with respect to a specific issuer, a Client's economic interest as a shareholder of that issuer is Recurrent's primary consideration in determining how proxies should be voted. Recurrent will not consider interests of Recurrent, other stakeholders of the issuer, or interests the Client may have in other capacities. Recurrent shall vote proxies with the goal of maximizing the value of the securities in Client portfolios.

### **Engagement of Proxy Advisory Service Provider**

Recurrent may engage one or more independent third-party proxy advisory firms ("Proxy Firm") to (i) make recommendations to Recurrent of proxy voting policies for adoption by Recurrent; (ii) perform research and make recommendations to Recurrent as to particular shareholder votes being solicited; (iii) perform the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by Recurrent and delivering those proxies; (iv) retain proxy voting records and information; and (v) report to Recurrent on its activities. In no circumstances will a Proxy Firm have the authority to vote proxies except in accordance with standing or specific instructions given to it by Recurrent. Recurrent will retain final authority and fiduciary responsibility for the voting of proxies.

### **Proxy Voting Policy**

Consistent with Recurrent's fiduciary duty to make voting decisions that maximizing long-term shareholder value that are in its Clients' best interests, Recurrent assesses all proxies solicited on a case-by-case basis and based on the facts and circumstances presented by each proxy, Recurrent will either vote or abstain based upon its determination as to what is in the Clients' best interest.

In exercising its discretion, Recurrent may take into account a wide array of factors relating to the matter under consideration, the nature of the proposal and the company involved. As a result, Recurrent may vote in one manner in the case of one company and in a different manner in the case of another where, for example, the past history of the company, the character and integrity of its management, the role of outside directors, and the company's record of producing performance for investors justifies a high degree of confidence in the company and the effect of the proposal on the value of the investment. Similarly, poor past performance, uncertainties about management and future directions, and other factors may lead Recurrent to conclude that particular proposals present unacceptable investment risks and should not be

supported. In addition, Recurrent also evaluates proposals in context. For example, a particular proposal may be acceptable standing alone, but objectionable when part of an existing or proposed package. Special circumstances may also justify casting different votes for different Clients with respect to the same proxy vote.

### **Conflicts of Interest**

Conflicts of interest involved in a proxy vote shall be addressed through the following three-step process:

#### ***Identification of Potential Conflicts of Interest***

Recurrent will be deemed to have a potential conflict of interest when voting proxies if:

- Recurrent manages assets for that issuer or an affiliate of the issuer and also recommends that its other Clients invest in such issuer's securities;
- A director, trustee, officer, or 10% shareholder of the issuer or an affiliate of the issuer is a director of a Client, a Client, or an employee of Recurrent;
- Recurrent is actively soliciting that issuer or an affiliate of the issuer as a Client;
- Clients who sponsor, publicly support, or have material interest in a proposal upon which Recurrent will be eligible to vote;
- Recurrent manages a pension plan, employee benefit plans, or provides brokerage, underwriting, insurance, or banking services to an issuer whose management is soliciting proxies;
- Recurrent or an affiliate has a substantial business relationship (separate from Recurrent's investment strategy) with an issuer or a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast;
- Recurrent or an affiliate has a business relationship (separate from Recurrent's investment strategy) or personal relationship with participants in a proxy contest, corporate directors, or candidates for directorships;
- An officer or employee of Recurrent or an affiliate may have a familial relationship to an issuer (e.g., a spouse or other relative who serves as a director of an issuer);
- A director or executive officer of the issuer has a personal relationship with Recurrent;
- Another relationship or interest of Recurrent, or an employee of Recurrent, exists that may be affected by the outcome of the proxy vote and that Recurrent deems to be an actual or potential conflict for the purposes of this Proxy Voting Policy; or
- Any other conflict of which Recurrent becomes aware.

Each employee who is a member of the investment team that recommends votes or serves on the Investment Committee shall, on at least an annual basis, provide to the CCO a list of any public companies with or in which he or she has a relationship or could otherwise be deemed to have a conflict. Each such employee shall also certify to Recurrent at least annually that he or she agrees to update such list promptly upon becoming aware of any relationship, interest, or conflict other than what he or she originally disclosed.

### ***Determination of Material Conflicts***

When Recurrent encounters a potential conflict of interest, it shall review its proposed vote using the following analysis to ensure its voting decision does not generate a conflict of interest:

- If the proposed vote is consistent with Recurrent's Proxy Voting Policy, no further review is necessary.
- If the proposed vote is contrary to Recurrent's Proxy Voting Policy and the Client's position on the proposal, no further review is necessary.
- If the proposed vote is contrary to Recurrent's Proxy Voting Policy or is not covered, is consistent with the Client's position, and is also consistent with the views of the Proxy Firm, no further review is necessary.
- If the proposed vote is contrary to Recurrent's Proxy Voting Policy or is not covered, is consistent with the Client's position and is contrary to the views of the Proxy Firm, the vote will be presented to the CCO. The CCO will determine whether the proposed vote is reasonable. If the CCO cannot determine that the proposed vote is reasonable, the CCO may refer the votes back to the Client(s) or take other actions as the CCO deems appropriate.

### ***Establishment of Procedures to Address Material Conflicts***

If a material conflict of interest with respect to a particular vote is encountered, employees are required to contact the CCO to determine how to vote the proxy consistent with the best interests of a Client and in a manner not affected by any conflicts of interest.

### **Recordkeeping**

Pursuant to Rule 204-2, Recurrent will retain the following five (5) types of records relating to proxy voting: (i) proxy voting policy and procedures; (ii) proxy statements received for Client securities; (iii) records of votes cast on behalf of Clients; (iv) written Client requests for proxy voting information and written Recurrent responses to any Client request (whether oral or written) for proxy voting information; and (v) any documents prepared by Recurrent that were material to making a proxy voting decision or that memorialized the basis for the decision. All of the proxy voting records referenced herein above will be maintained by Recurrent for a period of not less than seven (7) years from the end of Recurrent's fiscal year during which the last entry was made in the records, the first two (2) years in an appropriate office of Recurrent

### **Policy Statement and Requests**

Recurrent will make the Proxy Voting Policy and Recurrent's proxy voting records with respect to a Client's account available to that Client or its representatives for review and discussion upon the Client's request or as may be required by applicable law. Recurrent generally will not disclose publicly its past votes, share amounts voted or held, or how it intends to vote on behalf of a Client account except as required by applicable law, but may disclose such information to a Client who itself may decide or may be required to make public such information. Questions related to Recurrent's Proxy Voting Policy, the proxy voting process and/or information regarding how Recurrent voted proxies relating to a Client's portfolio of securities may be obtained by Clients, free of charge, by contacting the CCO at (832) 241-5900 or [brad@recurrentadvisors.com](mailto:brad@recurrentadvisors.com)

## **Item 18 Financial Information**

Recurrent does not solicit prepayment of more than \$1,200 in fees per Client six (6) months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.

Recurrent has discretionary authority or custody of Client funds or securities. There is no financial condition that is reasonably likely to occur that would impair Recurrent's ability to meet contractual commitments to Clients. Recurrent has not been the subject of a bankruptcy petition during the past ten years.