March 22, 2022

Ducenta Squared Asset Management ("DSAM", "We", "Us") is a registered Investment Adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Brokerage and investment advisory services and fees differ, it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at **Investor.gov/CRS**, which also provides educational materials about broker-dealers, investment advisers, and investing. Additional information and disclosures pertaining to DSAM are available through the Investment Adviser Public Disclosure site **https://adviserinfo.sec.gov/**, through a request for the adviser's ADV 2A to **clientrelations@ducentasquared.com**, or by clicking **here**.

What investment services and advice can you provide me?

We provide investment management services to individual retail investors and institutional investors, trusts, charitable corporations, pension plans, investment companies and pooled investment vehicles. We offer a variety of investment strategies that utilize fixed income securities and other instruments, including investment advisory services to retail investors directly and through wrap platforms sponsored by third parties. Other services such as financial planning, tax, or estate planning are not a component of services offered. Advisory services typically consist of discretionary separate account management focusing on fixed income investments. We do not currently offer non-discretionary advisory services to retail investors. The discretionary authority provided to us by you permits us to conduct buy and sell transactions in your account to execute the strategy you have contracted us to perform, within your investment objective and risk tolerances as defined in our client agreement. Any discretionary authority you provide to us is revocable by you at any time by written notice. As a component of our standard services, client portfolios are proactively reviewed for consistency with strategy and investments are consistently monitored. Our minimum account size for institutional investors is $1,000,000. Minimum account sizes for private wealth strategies vary from $300,000 for Core and Core Plus strategies to $500,000 for High Yield Strategies. Private wealth strategies have a minimum fee of $2,500 for Core or Core Plus strategies and a minimum fee of $3,000 for High Yield strategies. Each client is responsible for establishing and maintaining an appropriate account with a Qualified Custodian. Additional information and disclosures pertaining to DSAM are available through the Investment Adviser Public Disclosure site **https://adviserinfo.sec.gov/**, through a request for the adviser's ADV 2A to **clientrelations@ducentasquared.com**, or by clicking **here**.

- ***Given my financial situation, should I choose an investment advisory service? Why or why not?***
- ***How will you choose investments to recommend to me?***
- ***What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?***

What fees will I pay?

DSAM's annual investment management fees for separately managed accounts and certain other client accounts, including private funds, vary depending on the investment strategy, product type and the size of a specific client account. Fixed income products generally range up to .55% (55 basis points) of assets under management in the client account. Our annual investment management fees for separately managed accounts and other client accounts are negotiable based upon the size of the account, relationship and/or the nature and level of services we provide. The fees are based upon the aggregate fair value of the client's portfolio as defined in our client Agreement. Fees are assessed quarterly, and may be payable in advance or in arrears, dependent upon the relationship. For clients managed through wrap platforms, additional fees charged by platform sponsors apply. Such sponsor fees typically encompass fees for additional services, such as custody, and are separate from the fee charged by DSAM. Clients may also incur charges imposed by third parties such as investment management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, other fees and taxes on brokerage accounts and securities transactions, and fees and expenses imposed directly by any funds held in or for the client's account.

We currently manage accounts that pay a performance fee. Conflicts of interest arise from our management of both performance fee-based accounts and non-performance based fee accounts in that there is an incentive to allocate limited investment opportunities to clients that pay higher fees or take greater risk in an attempt to generate higher returns. We have adopted order aggregation and trade allocation policies and procedures designed to treat all clients fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. During periods of unusual market conditions, we may deviate from our normal trade allocation practices.

March 22, 2022

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional information and disclosures pertaining to DSAM are available through the Investment Adviser Public Disclosure site **https://adviserinfo.sec.gov/**, through a request for the adviser's ADV 2A to **clientrelations@ducentasquared.com**, or by clicking **here**.

- ***Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?***

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, *we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.*

DSAM has a conflict of interest regarding advice given on adding new assets or transferring assets into accounts managed by our firm in that we receive compensation based upon the total value of assets in your account. Please also note the above disclosure pertaining to side-by-side management of asset based fee accounts and performance based fee accounts. Principals of DSAM have an interest in a proprietary account managed by a related person. The proprietary account is currently limited to investments in securities issued by the United States Treasury and Agency Mortgage Backed Securities. While these markets have significant breadth, the potential exists that we may buy and sell securities of issuers for client portfolios in which other related persons or our proprietary accounts may also invest. Additional information and disclosures pertaining to DSAM are available through the Investment Adviser Public Disclosure site **https://adviserinfo.sec.gov/**, through a request for the adviser's ADV 2A to **clientrelations@ducentasquared.com**, or by clicking **here**.

- ***How might your conflicts of interest affect me, and how will you address them?***

How do your financial professionals make money?

DSAM's key personnel, including all portfolio managers, have entered into employment agreements with DSAM. They are also eligible for an annual cash bonus based on several factors, including the Firm's overall profitability. Additional benefits received by DSAM's key personnel are normal and customary employee benefits generally available to all salaried employees. Each of DSAM's key personnel own an equity interest in DSAM and each thus benefits from increases in the net income of DSAM. Compensation arrangements induce recipients to recommend DSAM products and services over products and services from unaffiliated entities even though products and services from other such entities may be similar at a lower cost.

Do you or your financial professionals have legal or disciplinary history?

No, free and simple tools are available to research firms and financial professionals at **Investor.gov/CRS**, which also provides educational materials about broker-dealers, investment advisers, and investing.

- ***As a financial professional, do you have any disciplinary history? For what type of conduct?***

Additional information and disclosures pertaining to DSAM are available through the Investment Adviser Public Disclosure site **https://adviserinfo.sec.gov/**, or through a request for the adviser's ADV 2A/2B or Form CRS to **clientrelations@ducentasquared.com**, or by clicking **here**. To request up to date information you may reach DSAM at (213) 687–9170.

- ***Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?***

Item 1. Cover Page

Ducenta Squared Asset Management
Part 2A of Form ADV
Disclosure Brochure

555 W. 5th Street, Suite 3700

Los Angeles, CA 90013

213-687-9170

March 22, 2022

This brochure provides information about the qualifications and business practices of Ducenta Squared Asset Management ("Ducenta"). If you have any questions about the contents of this brochure, please contact Jason Rall, Ducenta's Chief Compliance Officer ("CCO"), at (213) 269-0602 or jason.rall@ducentasquared.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Any reference to Ducenta as a registered investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

The following material changes were made since the last filing of this Brochure:

- Item 4 updated to reflect Brian Kim's inclusion in the RMSD Invesco ownership group
- Item 4 updated to reflect 12/31/2021 AUM

Item 3. Table of Contents

Item 4. Advisory Business

Ducenta Squared Asset Management ("Ducenta," "we" or "us") was founded in 2020. Ducenta is wholly owned by RSMD Investco LLC, which is in turn owned by M.K. David Kang, Michael Leung, Brian Kim, JinSeop Shin, and Han Kyung Bae; the Managing Member is M.K. David Kang. Our day-to-day business is managed by senior management.

We provide investment management services to individual and institutional investors, trusts, charitable corporations, pension plans, investment companies and pooled investment vehicles. We offer a variety of investment strategies that utilize fixed income securities and other instruments (all of which are referred to throughout this Brochure as "securities") that include, but are not limited to the following:

- Corporate commercial paper and other money market or short-term debt instruments
- Corporate debt securities
- Privately placed, Regulation S and Rule 144A securities
- Preferred stock and capital securities
- Municipal securities
- U.S. government securities
- Obligations of foreign governments or their subdivisions, agencies, and instrumentalities
- Obligations of foreign corporate issuers
- Bank loans, loan participations, and assignments
- Repurchase agreements and reverse repurchase agreements
- Structured notes
- Unrated securities
- Mortgage-backed securities and other structured products such as agency and non-agency mortgage backed securities ("MBS"), commercial mortgage backed securities ("CMBS"), asset-backed securities ("ABS"), collateralized debt obligations ("CDOs"), collateralized loan obligations ("CLOs"), real estate mortgage investment conduits ("REMICs"), collateralized mortgage obligations ("CMOs"), and interest only and principal only securities

We may also offer strategies that involve multiple asset classes, which use securities and other instruments that may include the above list of fixed income securities and other instruments, but may also include securities including, but not limited to, the following:

- Common stock
- Business development companies ("BDCs"), closed-end funds ("CEFs"), exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), and other exchange-traded products ("ETPs")
- Direct and indirect investment in various foreign currencies, including actual holdings of currencies, but also forward contracts, futures, swaps, and options with underlying foreign currencies

In certain limited circumstances where certain clients are willing to accept greater risk in pursuit of potential higher total returns, we may use certain leveraging and hedging techniques, including but not limited to selling securities short or using derivatives (such as swaps, futures, and options), or the use of reverse repurchase agreements.

Clients will typically grant full discretion with respect to security selection but may impose reasonable restrictions on investing in certain securities or types of securities.

We provide non-discretionary advice to certain clients and other investment adviser(s) pursuant to advisory, investment management, and sub-management agreements. We also provide investment management services to clients in wrap fee programs. Under certain strategies, we serve as investment adviser on multiple wrap account platforms. Unlike institutional accounts under these programs, the typical wrap fee client account will be managed to a model portfolio consisting primarily of a subset of issuers in which certain of our institutional client accounts also invest. Wrap fee client accounts may differ from the model portfolio in terms ofthe amount of each issuer held. In addition, certain qualified wrap fee client accounts may request investment in instruments not available to the typical wrap participant, such as issuances under 144A. Certain wrap fee client accounts may also impose additional restrictions on us with respect to account management that will not fully permit the management of such accounts in accordance with the model portfolio. In these limited cases, the wrap fee client account will be managed in accordance with the institutional process, taking the expanded universe of investments or additional client restrictions into account. The same investment process and research will be utilized for wrap fee client accounts and other client accounts under similar investment strategies, however, the wrap fee sponsor typically will be responsible for assisting the wrap fee client in selecting managers and investment strategies and will handle most aspects of the client relationship including identifying individual circumstances of the client. For such accounts, the wrap fee sponsor will typically pay us a portion of the wrap fee in connection with the services we provide, however, under some arrangements, the wrap fee sponsor and we may each charge a separate fee for our respective services.

As of December 31, 2021, we managed approximately $3,413,19,298 in Assets Under Management (AUM) on a discretionary basis.

Item 5. Fees and Compensation

Ducenta's annual investment management fees for separately managed accounts and certain other client accounts, including private funds, will vary depending on the investment strategy, product type, and the size of the specific client account. Fees for fixed income products will generally range up to 0.55% (55 basis points) of assets under management in the client account. Minimum account sizes for private wealth strategies will vary from $300,000 for Core and Core Plus Strategies to $500,000 for High Yield Strategies. Private wealth strategies have a minimum fee of $2,500 for Core or Core Plus strategies and a minimum fee of $3,000 for High Yield strategies.

Our annual investment management fees for separately managed accounts and other client accounts are negotiable based on factors including account size, relationship, and the nature and level of services we provide. We may aggregate certain related client relationships to determine the applicable fee. Fees are based on the aggregate fair value of the client's portfolio as defined in our agreement with the client ("Client Agreement").

The Client Agreement will establish the manner in which we charge fees to a specific client account. We will typically be compensated on a quarterly basis in arrears, although in certain cases we may be paid on a different schedule, such as monthly in arrears or quarterly in advance. Clients may elect to be invoiced for fees or authorize us to directly withdraw fees from the applicable custodial account. We will charge a prorated fee to accounts that are initiated or terminated during the applicable period. Typically, management fees will be prorated for separately managed account contributions and withdrawals made during the applicable period (with the exception of de minimis contributions and withdrawals). Except as otherwise provided in a Client Agreement, upon termination of any account, any earned, unpaid fees will be due and payable, and any pre-paid unearned fees will be refunded to the client within a reasonable time.

Clients may also incur charges imposed by third parties such as investment management fees, custodial fees, wire transfer and electronic fund fees, transfer taxes, deferred sales charges, odd-lot differentials, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, other fees and taxes on securities transactions and brokerage accounts, and fees and expenses imposed directly by any funds held in or for the client's account. For further discussion of our brokerage practices, please see Item 12 below. Management fees paid to us are separate and distinct from the fees and expenses charged directly by the client's custodian, the broker-dealer, and other funds. Private fund clients will bear all of their fees and expenses including, without limitation, fund accounting, audit fees, insurance, legal fees, custody and brokerage costs. The fees and expenses imposed by other funds are described in each fund's prospectus. These fees will generally include an advisory or management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Uninvested cash in a client's account may be swept into a money market fund by the client's custodian at the client's discretion. The client should review both the fees charged by the funds and the fees we charge to fully understand the total amount of fees to be paid by the client and to evaluate the investment management services provided. We will not receive any portion of these third-party commissions, fees, and costs. Please see Item 12 below for benefits that may accrue to the adviser and its clients.

Item 6. Performance Based Fees and Side-by-Side Management

Ducenta manages accounts that are charged an asset-based fee only and accounts that are charged a performance-based fee in addition to an asset-based fee. We will enter into performance-based fee arrangements with select qualified clients. Performance fees will be subject to negotiation with each such client. Conflicts of interest arise from our simultaneous management of both non-performance fee-based accounts and performance fee-based accounts as we have a financial incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. However, it is our policy to allocate trades in a fair and equitable manner among all accounts within the same strategy so that accounts are not preferred or disadvantaged over time.

We will manage client accounts with the same or similar strategies. This gives rise to potential conflicts of interest if the accounts have, among other things, different objectives, benchmarks or fees. For example, potential conflicts may arise in the following areas:

- The portfolio manager must allocate time and investment ideas across multiple accounts
- There may be cases where certain accounts receive an allocation of an investment opportunity when other accounts may not
- Clients' orders may not get fully executed
- Trades may be executed for some accounts that may adversely impact the value of securities held by other accounts; and/or
- Differences in trading venues, brokers and securities selected for a particular account may cause differences in the performance of different accounts that have the same or similar strategies.

We have adopted order aggregation and trade allocation policies and procedures that are designed to treat all clients fairly and equitably and to prevent these conflicts from influencing investment allocation among clients. However, we may deviate from our normal trade allocation practices during periods of unusual market conditions. Furthermore, there can be no assurance that all conflicts have been addressed in all situations. See Item 11 below for additional conflicts disclosure.

Item 7. Types of Clients

We offer investment advice to individuals, high net worth individuals, trust programs, corporations and other businesses, state or municipal government entities, pension and profit-sharing plans, Taft-Hartley and other Employee Retirement Income Security Act of 1974 ("ERISA") plans, financial intermediaries, insurance companies, charitable organizations, foundations, endowments, other investment advisers, pooled investment vehicles, registered funds, and other entities. Minimum account sizes and minimum fees will apply for certain strategies. Please refer to Item 5 above for more information.

To the extent we manage client accounts that are covered by ERISA or that are tax-qualified retirement plans, including individual retirement accounts ("IRAs"), we acknowledge that we are a fiduciary as defined under Section 3(21) of ERISA and Section 4975(e)(3) of the Internal Revenue Code of 1986 with respect to the services provided under the applicable Client Agreement (defined below).

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Our general investment strategy is constructed to capitalize on an ever-changing economic cycle that influences appreciation and depreciation in different bond sectors over the cycle. Sector allocation, security selection and yield curve strategies are employed in the process and are intended to add value relative to client benchmarks.

Our primary strategy involves overweighting and underweighting sectors and industries consistent with a particular economic business cycle phase. The decision to avoid certain sectors or industries that may be overvalued or may have poor credit fundamentals is as important as selection and rotation of sectors or industries that may have favorable credit and valuation trends. Our opportunistic approach emphasizes the utilization of traditional fixed income instruments within the various sectors of the bond market.

The security selection process integrates sector and industry strategy with bottom up index structure analysis to identify and categorize opportunities. The largest issuers within the different industry groups are identified to focus efficiently on the relevant opportunity set. These issuers tend to drive sector and industry performance; influence fundamental, valuation, and technical trends; and typically have greater secondary market liquidity. Benchmark index analysis results in a streamlined, more manageable framework to identify opportunities, measure relative performance, and gauge risks.

The Investment Policy and Strategy Committee ("IPSC") is responsible for setting the investment direction for each investment strategy, including themes and overall portfolio investment risk. In addition to developing industry and sector strategies based upon the firm's top down economic viewpoint, the IPSC develops and implements a duration strategy based on our intermediate and long-term cyclical view of the movements of U.S. interest rates. Our stated duration range for this decision could be up to +/- 25% of the benchmark.

Portfolio trading strategies include long-term purchases, short-term purchases, and active trading. Frequent trading can negatively impact investment performance due to the potential of increased tax liability and transaction costs. Investing in securities involves the risk of loss that clients should be prepared to bear.

Methods of analysis employed during strategy implementation and portfolio monitoring include statistical, technical, fundamental, relative valuation, and cyclical analysis. Industry analysts review operating and credit trends within assigned industries and perform financial analysis on individual issuers to develop recommendations for each of their respective industries. Portfolio Managers and Analysts conduct relative valuation analysis by examining current and historical relative pricing in relation to an issuer's capital structure, a general industry or asset class, and across sectors.

Portfolio tools are used to monitor and manage the risks in the investment strategy. We employ a fixed income analytics and attribution system to assist in managing and quantifying the portfolio risks.

Material Risks

Ducenta is primarily a fixed income investment manager, although it may manage other strategies. The material risks of the strategies that will be pursued by Ducenta are described below. All of Ducenta's investment strategies involve significant investment risk, including the risk that clients could lose some or all of their invested capital. All security investments risk the loss of invested capital and there can be no assurance that a client will achieve its investment goals or objectives. Clients should be prepared to bear this risk.

Although the risks described below will typically apply to most accounts and most clients in most circumstances, clients should be aware that not all of these listed risks will pertain to every account and certain risks may only apply to certain strategies. Certain clients may also experience risks not disclosed in this Brochure as a result of investment approaches or strategies requested via client-directed investment guidelines.

Active Trading: Ducenta's investment strategies are actively managed. Ducenta may purchase and sell securities without regard to the length of time held. Active trading may have a negative impact on performance by increasing brokerage and other transaction costs and may generate greater amounts of net short-term capital gains, which, for taxable accounts, would be subject to tax at ordinary income tax rates.

Asset Allocation Risk: The investment performance of an account depends, at least in part, on how its assets are allocated and reallocated among asset classes. Asset allocation could result in the account holding asset classes or investments that perform poorly or underperform other asset classes or available investments.

Cash Position Risk: An account may hold any portion of its assets in cash, cash equivalents, or other short-term investments at any time or for an extended time. Ducenta will determine the amount of an account's assets to be held in cash or cash equivalents at our sole discretion, based on such factors as we may consider appropriate under the circumstances. To the extent that an account holds assets in cash or is otherwise uninvested, this may limit the ability of an account to meet its objective.

Commodities Risk: The value of an account could be affected by changes in the values of one or more commodities to which the account has indirect exposure. Commodities may be extremely volatile, difficult to value, and illiquid. Commodities may also include costs associated with delivery, storage, and maintenance.

Convertible Securities Risk: Convertible securities share investment characteristics of both fixed income and equity securities. However, the value of these securities tends to vary more with fluctuations in the value of the underlying common stock than with fluctuations in interest rates. The value of convertible securities also tends to exhibit lower volatility than the underlying common stock. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. Investors could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.

Counterparty Risk: Investments and investment transactions are subject to various counterparty risks. The counterparties to transactions in over the counter or "inter-dealer" markets are typically subject to lesser credit evaluation and regulatory oversight compared to members of "exchange-based" markets. This may increase the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing a client's account to suffer losses. In addition, in the case of a default, an investment could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for investments with longer maturities or settlement dates where events may intervene to prevent settlement or where transactions are concentrated with a single or small group of counterparties. Furthermore, upon the bankruptcy, insolvency or liquidation of any counterparty, the investor may be deemed to be a general, unsecured creditor of such counterparty and could suffer a total loss with respect to any positions and/or transactions with such counterparty. Under current market conditions, counterparty risk is substantially increased and more difficult to predict. In addition to heightened risk of bankruptcy, in this environment there is a greater risk that counterparties may have their assets frozen or seized as a result of government intervention or regulation. Ducenta is not restricted from dealing with any particular counterparty or from concentrating any or all of our transactions with one or a limited number of counterparties.

Credit Risk: An investor could lose money if the issuer or guarantor of a fixed income security or the counterparty to a derivatives contract, repurchase agreement, or a loan of portfolio securities defaults or is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its obligations. A downgrade of the credit of a security may also decrease its value.

Currency Risk: The value of securities denominated in foreign currencies fluctuates as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could reduce or eliminate investment gains or add to investment losses. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country; the actions of the U.S. and foreign governments or central banks; the imposition of currency controls; and speculation.

Cybersecurity Risk: Investment advisers, including Ducenta, must rely in part on digital and network technologies (collectively, "cyber networks") to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyberattacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyberattacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Nevertheless, cyber incidents could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about Ducenta or our clients.

Derivatives Risk: Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate, or index. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Certain derivative instruments can lose more than the principal amount invested.

Distressed or Defaulted Securities Risk: Investments in defaulted securities and obligations of distressed issuers, including securities that are, or may be, involved in reorganizations or other financial restructurings, either out of court or in bankruptcy, involve substantial risks and are considered speculative. If the reorganization or restructuring is not completed as anticipated, an investor may suffer significant losses. Repayment of defaulted securities and obligations of distressed issuers is subject to significant uncertainties. Investments in defaulted securities and obligations of distressed issuers are considered highly speculative.

Dollar Rolls Risk: Dollar rolls are transactions in which an investor sells securities to a counterparty and simultaneously agrees to purchase those or similar securities in the future at a predetermined price. The use of dollar rolls is a speculative technique involving leverage and can have an economic effect similar to borrowing money for investment purposes. Dollar roll transactions involve the risk that the market value of the securities the Fund is required to purchase may decline below the agreed upon repurchase price of those securities, or that the counterparty may default on its obligations. If the broker/dealer to whom the investor sells securities becomes insolvent, the investor's right to purchase or repurchase securities may be restricted. These transactions may also increase an investor's portfolio turnover rate and may result in higher transactions costs. If an investor reinvests the proceeds of the security sold, the investor will also be subject to the risk that the investments purchased with such proceeds will decline in value (a form of leverage risk).

Emerging Markets Risk: Investments in the securities of issuers located in or principally doing business in emerging markets are subject to foreign investments risks. These risks are greater for investments in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more developed countries. Emerging market securities are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Low trading volumes may result in extreme price volatility and a lack of liquidity.

Equity Market Risk: Equity securities represent an ownership interest in an issuer. Such securities rank junior in a company's capital structure, and consequently may entail greater risk of loss than debt securities. Equity securities include common and preferred stocks. Stock markets are volatile, and the prices of equity securities fluctuate based on changes in a company's financial condition and overall market and economic conditions.

Extension Risk: If interest rates rise or if an issuer is unable to maintain or improve its financial position enough to refinance existing securities, repayments of fixed income securities may occur more slowly than anticipated by the market. This may drive the prices of these securities down, because their interest rates are lower than the current interest rate and they remain outstanding longer.

Fixed Income Market Risk: The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changing perceptions about the creditworthiness of individual issuers (including governments), counterparty credit risk, prepayment risk, or broader changes to the economic environment that may affect future cash flows. Such investments will always be exposed to certain risks that cannot be hedged and Ducenta is not obligated to seek to hedge against any risk, including fluctuations in the value of investments as a result of changes in market, principal, counterparty, credit, interest rate, or currency risk or any other developments. Additionally, ongoing regulatory changes related to the creation and trading of securities in the fixed income markets may create unforeseeable risks. There may be more sensitivity to adverse economic, business, sector, political, or geographical developments if a substantial portion of a client's assets are invested in similar sectors, bonds of certain states, or in particular types of municipal securities.

Foreign Markets Risk: Investments in non-U.S. securities may experience more rapid and extreme changes in value than investments in U.S. securities. The securities markets of many foreign countries are relatively small and have less depth, with a limited number of companies representing a small number of industries. Issuers of non-U.S. securities are often not subject to the same degree of regulation as U.S. issuers. In the event of nationalization, expropriation, or other confiscation, investors could lose their entire investment in a non-U.S. security.

High Yield Risk: Investments in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be subject to greater levels of credit and liquidity risk than investment grade securities. High yield securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments.

Inflation-Protected Securities Risk: Inflation-protected debt securities may react differently from other types of debt securities and tend to react to changes in "real" interest rates. Real interest rates represent nominal (stated) interest rates reduced by the expected impact of inflation. In general, the price of an inflation-protected debt security can fall when real interest rates rise and rise when real interest rates fall. Interest payments on inflation-protected debt securities can be unpredictable and will vary as the principal or interest is adjusted for inflation. In addition, the inflation index utilized by a particular inflation-protected security may not accurately reflect the true rate of inflation, which may adversely affect the market value of such security.

Interest Rate Risk: The value of fixed income securities and other instruments in a portfolio may decline because of an increase in interest rates, which are currently at historically low levels, and changes in the shape of the yield curve. Changes in government policy may cause interest rates to rise, which may result in periods of volatility. Fixed income securities with longer durations and maturities tend to be more sensitive to changes in interest rates, usually making their prices more volatile than securities with shorter durations.

Issuer Risk: The value of a security may decline for many reasons that directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Limited Voting Rights: Debt securities typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default. Even in such cases, such rights may be limited to the terms of the debenture or other agreements.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be disposed of within a reasonable time in the ordinary course of business at approximately the value at which a manager has valued the securities. There is also risk that the liquidity of particular issuers or sectors, or of all securities within a particular investment category, will shrink or disappear as a result of adverse market, economic, or political events or adverse investor perception. Investments in illiquid securities may adversely impact returns if a manager is unable to sell the illiquid securities at an advantageous time or price.

Loan Risk: Loans are subject to the credit risk of nonpayment of principal or interest. Economic downturns or increases in interest rates may cause an increase in defaults, interest rate risk, and liquidity risk. Loans may or may not be collateralized at the time of acquisition, and any collateral may be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy of a borrower, Ducenta could experience delays or limitations in realizing the benefits of any collateral securing a loan. Junior loans, which have a lower place in the borrower's capital structure than senior loans and may be unsecured, involve a higher degree of overall risk than senior loans of the same borrower. Loans are also subject to prepayment or call risk.

Market Risk: The market price of securities may go up or down, sometimes rapidly or unpredictably. The value of a security may decline due to general market conditions that are not specifically related to a particular company or industry, such as adverse economic conditions, changes in interest or currency rates, changes in the general outlook for corporate earnings, or adverse investor sentiment.

Mortgage-Backed Securities Risk: The value of any mortgage-backed securities held may be affected by, among other things, changes or perceived changes in the following: interest rates; factors concerning the interests in and structure of the issuer or the originator of the mortgages; the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements; or the market's assessment of the quality of underlying mortgages. Mortgage-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the need to reinvest the money received in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

Municipal Risk: Investors in municipal bonds face risks including but not limited to the following: call risk, credit risk, interest rate risk, liquidity risk, and inflation risk as inflation reduces purchasing power, which is a risk for investors receiving a fixed rate of interest, and can lead to higher interest rates and, in turn, lower market value for existing bonds. In addition, there may be tax implications, including the possibility that the bond may be subject to the federal alternative minimum tax, profits and losses on bonds may be subject to capital gains tax treatment, and interest or other investment return may be subject to state and local income tax.

Operational Risk: Accounts are subject to operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, fraud, failure in systems and technology, changes in personnel, and errors caused by third party service providers. These factors may result in losses to an account.

Preferred Equity Risk: Preferred equity's right to dividends and liquidation proceeds is junior to the rights of a company's debt securities. The value of preferred equity may be subject to factors that affect fixed income and equity securities, including changes in interest rates and in a company's creditworthiness. The value of preferred equity tends to vary more with fluctuations in the underlying common equity and less with fluctuations in interest rates and tends to exhibit greater volatility. Shareholders of preferred equity have limited voting rights and may suffer a loss of value if dividends are not paid.

Prepayment or Call Risk: Many issuers have a right to prepay their debt securities. If interest rates fall, an issuer may exercise this right. In this event, the security holder will not benefit from the rise in market price that normally accompanies a decline in interest rates and will be forced to reinvest prepayment proceeds at a time when yields on securities available in the market are lower than the yield on the prepaid security.

Pricing Risk: Ducenta applies our pricing and valuation procedures in valuing separately managed accounts. These procedures generally assign prices to securities based upon values obtained from pricing vendors independent of Ducenta. Such prices are indicative of the price that could be received in the marketplace if transacted on the day the portfolio is valued and in a position size considered to be standard for that security type. Accounts containing smaller security pieces may not realize these prices when securities are sold because the position size may be too small to draw sufficient interest in the marketplace.

Public Health and Natural Disaster Risk: Global markets are interconnected, and events like hurricanes, floods, forest fires, earthquakes, other natural disturbances, public health crises such as the novel coronavirus COVID-19 or any other future epidemics or pandemics, war, terrorism or threats of terrorism, civil disorder, and similar "Act of God" events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and widespread effects on world economies and markets. Clients may have exposure to countries and markets or investments impacted by such events, which could result in material losses.

Reinvestment Risk: Income from an account's portfolio will decline if and when the account invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the account to reinvest the proceeds in lower-yielding securities. A decline in income received by the account from its investments is likely to have a negative effect on the market price, net asset value and/or overall return of a client account.

Repurchase Agreement Risk: If the counterparty to a repurchase agreement defaults on its obligation, a client may suffer delays and incur costs or lose money in exercising rights under the agreement. If the seller fails to repurchase the security and the market value declines, an account could lose money. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Ducenta's ability to dispose of the underlying securities for client accounts may be restricted.

Restricted Securities Risk: A client account may invest in securities which are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended ("Securities Act"), are ineligible for resale under Rule 144A ("Rule 144A") under the Securities Act, or which are otherwise not readily marketable. These securities are generally referred to as private placements or restricted securities. Irrespective of Ducenta's initial or ongoing determinations of the liquidity of any given security, market conditions could cause these securities to become less liquid and possibly extremely difficult to sell.

Rule 144A Securities Risk: Eligible clients may purchase securities eligible for resale under Rule 144A. An insufficient number of qualified institutional buyers interested in purchasing Rule 144A-eligible securities held by Ducenta clients could adversely affect the marketability of certain Rule 144A securities, and Ducenta might be unable to dispose of such securities promptly or at reasonable prices. To the extent that liquid Rule 144A securities held by Ducenta clients become illiquid due to the lack of sufficient qualified institutional buyers or market or other conditions, the assets invested in illiquid assets would increase and the fair value of such investments may become not readily determinable. In addition, if for any reason Ducenta is required to liquidate all or a portion of a portfolio quickly, such portfolio may realize significantly less than the fair value at which it previously recorded these investments.

Sovereign Debt Risk: Sovereign debt instruments, which are debt obligations issued or guaranteed by a foreign governmental entity, are subject to the risk that the governmental entity may delay or fail to pay interest or repay principal on debt that it has issued or guaranteed. This may be due to factors such as political considerations, cash flow problems, insufficient foreign currency reserves, relationships with other lenders such as commercial banks, the relative size of the governmental entity's debt position in relation to the economy, or the failure to put in place economic reforms required by the International Monetary Fund or other multi-lateral agencies. If a governmental entity defaults, it may ask for further loans, more time in which to pay existing loans, or forgiveness of interest or principal on its existing debt. On the other hand, a governmental entity may be unwilling to renegotiate the terms of its sovereign debt. There may be no established legal process for a U.S. bondholder (such as a portfolio) to enforce its rights against a governmental entity that does not fulfill its obligations, nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected. Certain countries in Europe currently have large sovereign debts and/or fiscal deficits which has led to significant uncertainties in the market as to whether or not the governments of those countries will be able pay in full and on time the amounts due in respect of those debts.

Spread Risk: Wider credit spreads and decreasing market values typically represent a deterioration of the debt security's credit soundness and a perceived greater likelihood or risk of default by the issuer.

Structured Investments Risk: Clients may invest in, or have exposure to, various types of structured instruments, including securities that have demand, tender or put features, or interest rate reset features. Structured instruments are a type of derivative instrument and the payment and credit qualities of these instruments derive from the assets embedded in the structure from which they are issued. Structured instruments may behave in ways not anticipated, or they may not receive tax, accounting or regulatory treatment as anticipated.

Underlying Funds Risk: For any Ducenta investment strategy that invests assets in underlying closed-end funds, mutual funds or exchange-traded funds, the strategy's ability to achieve its investment objective depends largely on the performance of the underlying funds selected. Each of the underlying funds has its own investment risks. These risks can affect the value of the underlying funds' shares and therefore the value of the strategy's investments. There can be no assurance that the investment objective of any underlying fund will be achieved.

In addition to these investment risks, many other risk factors may lead or contribute to performance volatility or losses. Further, Ducenta charges fees for our investment advisory services. When client accounts invest in these other funds, they are charged, as shareholders, management fees and other expenses, no portion of which reduces or offsets Ducenta's fees. As a result, a client establishing an advisory account at Ducenta that is invested in these funds may pay, overall, higher fees and expenses than the client might have paid by investing directly in such funds.

U.S. Government Obligations Risk: While U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. Government, such securities are nonetheless subject to credit risk (*i.e.*, the risk that the U.S. Government may actually be, or be perceived to be, unable or unwilling to honor its financial obligations, such as making payments). Securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government.

The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment through a Ducenta account or in a Ducenta-sponsored private fund. Prospective purchasers should carefully review these and other risks and other information contained in the prospectus or other offering documents of any Ducenta fund in which they may consider investing.

Item 9. Disciplinary Information

Ducenta has not been involved in any legal or disciplinary events that would be material to an investor's or a client's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

We have relationships and arrangements that are material to our advisory business or to our clients with related persons that are involved in the financial industry.

We are wholly owned by RSMD Investco LLC. We are affiliated, and under common control, with RIA R Squared Inc., which is a private investment company. However, these businesses are generally run independently from each other.

Principals of Ducenta have an interest in a proprietary account managed by RIA R Squared Inc. The proprietary account is currently limited to investments in securities issued by the United States Treasury and Agency Mortgage Backed Securities. While these markets have significant breadth, the potential exists that we may we buy and sell securities of issuers for client portfolios in which other related persons or our proprietary accounts may also invest.

Proprietary accounts managed by related persons have separate and distinct investment processes, systems, decision makers, and geographic/physical locations. Client account information and activity are not shared or discussed across investment teams of Ducenta and the related persons. Ducenta provides portfolio analysis and trade recommendations to RIA R Squared through a non-discretionary agreement. To mitigate potential conflicts of interest under this relationship, Ducenta does not provide recommendations pertaining to securities either held in, or eligible for investment in, Ducenta's client portfolios.

The premises at our principal office address, as well as certain personnel, are shared with certain of our affiliated entities. Accordingly, such persons may need to allocate their time and resources across multiple related entities.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We have adopted a Code of Ethics ("Code") for all of our supervised persons which describes our standards of business conduct and fiduciary duty to our clients. The Code includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code at least annually.

We permit our employees to engage in personal securities transactions. Personal securities transactions by an employee raise an actual or potential conflict of interest if an employee trades in a security that is considered for purchase or sale by a client. Our Code is designed to prevent our employees who are responsible for developing or implementing our investment advice or who provide investment advice to clients from acting on such information to the disadvantage of clients. The Code further prohibits our employees from using any material non-public information in securities trading.

Under the Code, our employees are prohibited from using knowledge of portfolio transactions made or contemplated for any client to profit by the market effect of such transactions or otherwise engage in fraudulent conduct in connection with the purchase or sale of a security sold or acquired by a client. Further, employees are prohibited from taking advantage of an opportunity of any client for personal benefit or taking any action inconsistent with our fiduciary obligations. Our employees must avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility.

Employees must preclear, with few exceptions, any transactions in publicly traded securities in which our client base may also invest, as well as limited offerings and initial public offerings, with our CCO. Employees may not purchase or sell any securities which we are considering for client accounts until either the client's transactions have been completed or consideration of the transactions are abandoned. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

Employees are required to report their reportable securities holdings and securities transactions to the CCO. Clients or prospective clients may request a copy of our Code by contacting Jason Rall at (213) 269-0602 or via email to jason.rall@ducentasquared.com.

Participation or Interest in Client Transactions

For separately managed account clients, we buy and sell securities of issuers in which other related persons or our proprietary accounts may invest.

Conflicts of interest arise from the fact that we carry on investment activities for different separately managed account clients and because we may buy or sell for proprietary accounts securities that we also buy or sell for our client accounts. We may have financial incentives to favor certain clients over others. Our client accounts may compete for specific trades. We may give advice and recommend securities to, or buy or sell securities for, certain accounts, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, other client accounts, even though they may have the same or similar investment objectives.

From time to time, we may seed proprietary accounts for the purpose of evaluating a new investment strategy that eventually may be available to clients through one or more product structures. Our management of accounts with proprietary interests and nonproprietary client accounts creates an incentive to favor the proprietary accounts in the allocation of investment opportunities and the timing and aggregation of investments. Our policies and procedures require that when we buy or sell a security for both client accounts and proprietary accounts, we give priority to client accounts ahead of proprietary accounts.

Situations may occur when certain clients could be disadvantaged because of the investment activities we conduct for our other client accounts. Such situations may be based on, among other things: (i) legal or internal restrictions on the combined size of positions that may be taken for client accounts, thereby limiting the size of such accounts' positions, or (ii) the difficulty of liquidating an investment for client accounts where the market cannot absorb the sale of the combined position.

We have adopted order aggregation and trade allocation policies and procedures designed to treat all clients of Ducenta fairly and equitably. Ducenta and any affiliates each make separate and independent investment decisions. Accordingly, certain of our client accounts may invest in the securities of a particular company, while client accounts of our affiliates may invest in the same or different securities of the same company. Additionally, trading of our affiliates may occur at different times and through different trading venues and brokers than we use. At times, our affiliates may be buying a security when we are selling and vice versa.

We do not affect any principal or agency cross securities transactions for client accounts, nor do we effect cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is generally defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker- dealer.

Item 12. Brokerage Practices

When Ducenta has full discretion in the selection of broker-dealers for the execution of client transactions, we seek to obtain quality executions at favorable security prices and at competitive commission rates, where applicable, through broker-dealers including Electronic Communication Networks ("ECNs"), Alternative Trading Systems ("ATSs"), or other execution systems that in our opinion can provide the best overall net results for our clients. Fixed income securities are generally purchased from the issuer or a primary market maker acting as principal on a net basis with no brokerage commission paid by the client. Such securities, as well as equity securities, may also be purchased from underwriters at prices which include underwriting fees.

Best Execution/Broker Selection

Ducenta will endeavor to select those brokers or dealers that we believe will provide the best services and/or rates possible under the circumstances. When selecting a brokerage firm, consideration is given to a variety of factors including, but not limited to, execution capabilities, financial stability, ability to maintain confidentiality, and research and other services that can be reasonably expected to enhance the investment return of our clients' portfolios. When broker-dealers are selected on the basis of their research services, Ducenta may negotiate commissions that may be higher than for "execution only" transactions, but are nevertheless deemed reasonable in light of the value of such services provided, viewed in terms of either a particular transaction or the overall responsibilities of Ducenta as to the accounts over which we exercise investment discretion.

Ducenta may recommend the use of or select a broker-dealer who provides useful research and securities transaction services even though a lower, or no, commission may be charged by a different broker-dealer who offers no research services or minimal securities transaction assistance. Research or other services paid for through broker commissions may or may not be useful in servicing the client account for which the particular transaction was effected and not all clients permit participation in commissioned trades.

When client brokerage commissions are used to obtain research or other products and services, Ducenta receives a benefit in that the cost of research, products, or services that would have been paid for directly by Ducenta becomes a transaction cost assumed by the client. The existence of such programs provides an incentive for Ducenta to select or recommend a broker-dealer based on the interest in receiving research or other products or services rather than on our clients' interest in receiving the best available price. Trade executions and broker-dealer trade volumes are periodically reviewed to verify such activity is not excessive or materially impactful to client accounts.

In addition to unsolicited research, certain broker-dealers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists. Any such invitations are subject to the provisions of Ducenta's Code of Ethics and generally do not factor into Ducenta's fixed-income broker-dealer selection process.

Commission-bearing transactions shall be in compliance with Section 28(e) of the Securities

Exchange Act of 1934. Products for which commissions may be used, in part or in total, for remuneration include independent research reports, pricing services, modeling/analytics software, and software used in part to facilitate the execution of orders.

Brokerage for Client Referrals

Receipt of client referrals from a broker-dealer or other third party by Ducenta, or a related person, is not considered when selecting or recommending broker-dealers for transactions in client accounts.

Directed Brokerage

For clients in wrap fee programs or otherwise directing Ducenta to use a particular broker dealer: To the extent Ducenta uses only that broker for the client account, we may be unable to achieve the most favorable execution of the client's transactions. The client acknowledges that Ducenta will not negotiate brokerage commissions with the specified broker, and as a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the client's account than would otherwise be the case if Ducenta used other or multiple brokers. The client may designate its own broker through whom Ducenta will execute securities transactions by written notice to Ducenta.

Trading Practices/Order Aggregation

In an effort to achieve efficiencies in execution and reduce trading costs, we typically aggregate securities transactions on behalf of multiple accounts at the same time. In addition, Ducenta may execute securities transactions alongside or interspersed between aggregated orders when Ducenta believes that such execution will not interfere with our ability to execute in a manner believed to be most favorable to our clients as a whole and over time. We may exclude trades from aggregated orders for accounts that direct brokerage or that are managed, in part, for tax considerations.

When executing aggregated orders, trades will be allocated among accounts using procedures that we consider fair and equitable over time in accordance with Ducenta allocation policies and procedures. This can include making the allocation based on such considerations as cash availability, diversification requirements, investment objectives, duration, client contractual or regulatory investment guidelines and restrictions, existing or targeted account weightings in particular securities or sectors, lot size, account size, amount of existing holdings (or substitutes) of the security in the accounts, investment time horizons, client's risk profile, client's tax status and domicile, business relationship with the broker-dealer selling or buying the security, nature of the security to be allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, directed brokerage instructions, if applicable, and any other information determined to be relevant to the fair allocation of securities. These factors provide substantial discretion to Ducenta in allocating investment opportunities. In addition, we also may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by Ducenta, a client, or by the issuer itself for operational reasons.

All clients participating in each aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro-rata portion of commissions provided the account is eligible to participate in commissioned trades. If the entire order is filled, clients shall receive their portion of the allocation specified on the trade ticket. In the event an order is "partially filled," the allocation shall be made in the best interests of all the clients in the order, taking into account relevant factors, including, but not limited to, the size of each client's allocation, account strategy, current duration exposure to sector or issuer, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro-rata allocation based on the initial allocation.

Ducenta will also apply this policy if an order is "over- filled," such as when a new issue designation is greater than initially allocated. One exception is if the security is an out-of-index position for some accounts and an in-index position in other accounts. For example, accounts that have a high-yield benchmark receive first priority in buying high-yield bonds. Accounts that do not have a high-yield benchmark receive first priority in selling high-yield bonds.

Ducenta may execute over-the-counter securities transactions on an agency basis. In these circumstances, clients may incur two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the dealer's mark-up/down, which is included in the offer or bid price of the securities purchased or sold.

Periodic reviews of client and account performance are conducted to verify that trade allocations occur fairly and equitably over time, even though a specific trade may have the appearance or the effect of benefiting one account as against another when viewed in isolation. Given all of the foregoing factors, the amount, timing, structuring, or terms of an investment by a client may differ from, and performance may be lower than, investments and performance of other clients, including those which may provide greater fees or other compensation (including performance-based fees or allocations) to Ducenta.

Conceptually, a non-discretionary client could reject the opportunity to purchase a security that then could be purchased for discretionary client accounts based on similar factors.

If we make a trading error, we will correct the error and bear any costs of correcting the error so that the client is not disadvantaged and is made whole. Trade errors will always be resolved in the client's favor and the client's being made whole. To the extent that resolution of a trade error results in the purchase of securities in a client's account that increase in value, the increased value is retained by the client.

Item 13. Review of Accounts

The Portfolio Performance and Risk Review Committee, which consists of the Chief Investment Officer, Chief Compliance Officer, Portfolio Managers, and other key decision makers, reviews investment accounts no less than monthly. A more intensive review may be triggered by significant changes in the market or general economic expectations or changes in client portfolio restrictions that may affect the policy guidelines established for the account.

A compliance system, monitored and administered by the Chief Compliance Officer, tracks the majority of client investment guidelines on a daily basis to verify adherence to the overall portfolio construction objectives of each account. Performance is reviewed within the appropriate parameters as established by the client account guidelines or the policy committee.

Portfolios and securities are continuously monitored by our portfolio management team. Accounts are typically monitored and reviewed on an ongoing basis by the portfolio managers who handle the applicable strategy. The details of the monitoring vary based on the nature of the investment strategy.

SMA/private wealth management and wrap clients are typically furnished statements solely from the program sponsor. Accounting and reporting performed by Ducenta for these accounts is for company use. For all other accounts, quarterly reports are furnished to investment management clients concerning their investment accounts. A higher frequency of reports is issued to client accounts only if specifically requested. Quarterly account reports include a review and statement summary of transactions, holdings, income, capital gains or losses, market valuation and performance.

Item 14. Client Referrals and Other Compensation

Ducenta does enter into solicitation agreements with unaffiliated independent contractors for client referrals. For such referrals, we compensate the independent contractor with a percentage of fees relating to such referrals based on the level of services performed. Any such compensation is paid pursuant to a written agreement in compliance with the federal regulations, and in each state where state law requires. Each prospective client so solicited will be provided a copy of our written disclosure statement and a separate written disclosure statement of the unaffiliated independent solicitor prior to or at the time of entering into any Client Agreement.

We may enter into written solicitation or marketing services agreements with one or more affiliated advisers, under which we would compensate such affiliate as set forth in the applicable solicitation agreement. There would be no increase in the investment management fees payable to us by clients as a result of the compensation paid to the solicitors under these solicitation agreements.

Item 15. Custody

We are deemed to have custody of certain client accounts under Rule 206(4)-2 due to our ability to deduct fees directly from those accounts. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. We urge our clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16. Investment Discretion

We provide investment advisory services on both a discretionary and non-discretionary basis to clients. For our discretionary clients, we typically receive discretionary authority from the client under the investment management agreement or investment advisory agreement with the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account.

We observe the client's investment policies, limitations and restrictions when selecting the identity and amount of securities to be bought or sold. Various securities and/or tax laws, as well as internal compliance policies, may impose additional restrictions on the investments that may be made.

Clients must provide any investment guidelines and restrictions to us in writing.

Item 17. Voting Client Securities

We will vote proxies on behalf of a client unless the client directs us otherwise in writing. Clients for whom we do not have any authority to vote proxies should receive proxy voting materials from their custodian or a transfer agent directly and these clients retain the responsibility for voting proxies for securities maintained in their portfolios. In the event that we receive any proxies intended for clients who have not delegated proxy voting responsibilities to us, we will promptly forward such proxies to the client for the client to vote. When requested by clients who have retained proxy voting authority, we may provide advice to the client regarding proposals submitted to the client for voting.

Ducenta primarily manages client accounts consisting exclusively of fixed income securities. For most of these accounts, the voting matters generally involve amendments to loan documentation, borrower compliance with financial covenants, registration rights, prepayments, insolvency, and other distressed creditor situations. Ducenta does not have specific proxy voting policies or guidelines regarding categories of proxy matters submitted to fixed income security holders. Instead, Ducenta votes fixed income proxy matters on a case-by-case basis, taking into account the unique circumstances related to a particular borrower and other relevant factors.

Unless otherwise provided in the Client Agreement, Ducenta also votes proxies related to equity securities held in client accounts. Our fixed income clients may occasionally receive equity interests resulting from the restructuring of debt security investments or in other special situations. Additionally, Ducenta may vote proxies on the CEFs, BDCs, ETNs, or ETFs in which it invests for client accounts.

Routine proxy matters associated with equity securities (including but not limited to electing boards of directors, selecting auditors, shareholder rights, proxy contests, corporate governance matters, and executive and director compensation) typically are voted in accordance with the recommendations of management of the issuer. In the event it is determined to be in the best interests of clients to vote against issuer management recommendations, the reasons for such determination will be documented.

For those accounts over which we have proxy voting authority, the determination of how to vote proxies for client account securities is made pursuant to our written proxy voting policies and procedures (the "Proxy Policy"). The Proxy Policy also applies to any voting rights and/or consent rights on behalf of client account securities, including but not limited to, plans of reorganization and waivers and consents under applicable indentures. The Proxy Policy does not apply to consent rights that we believe primarily entail decisions relating to the purchase or sale of investments, such as tender or exchange offers, conversions, put options, redemptions and Dutch auctions. We may delegate our responsibilities under the Proxy Policy to a third-party proxy voting service, however, no such delegation will relieve us of our responsibilities. We will retain final authority and fiduciary responsibility for such proxy voting.

The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of clients. Under the Proxy Policy, we or, if applicable, our third-party proxy voting service, will review each proxy solicitation to determine whether there may be a material conflict between us and the applicable client. If no conflict exists and if the client has granted us authority to vote by proxy, we or, if applicable, our third-party proxy voting service, will vote the proxy in accordance with the Proxy Policy.

If an employee believes that a conflict of interest does exist, the employee will advise our Chief Compliance Officer. If we determine that a conflict exists, we will seek to resolve any such conflict in the client's best interest in accordance with the Proxy Policy by pursuing any one of the following courses of action:

- (i) voting in accordance with the voting guidelines or factors set forth in the Proxy Policy;
- (ii) voting in accordance with the recommendation of an independent third-party service provider.
- (iii) voting in accordance with the instructions of the client; or
- (iv) not voting or abstaining from voting the securities.

The Chief Investment Officer and Chief Compliance Officer will decide which course of action to pursue.

In certain limited circumstances, particularly in the area of structured finance, we may enter into voting agreements or other contractual obligations that govern the voting of shares or other interests and, in such cases, will vote any shares or other interests by proxy in accordance with such agreement or obligation. In addition, where we determine that there are unusual costs and/or difficulties associated with voting a particular security, which more typically might be the case with respect to securities of non-U.S. issuers, we reserve the right not to vote a security by proxy unless we determine that the potential benefits of voting the security exceed the expected cost. Other factors that may influence our determination not to vote a debt or equity security include if:

- (i) the effect on the applicable client's economic interests or the value of the account's holding is insignificant in relation to the client's account as a whole;
- (ii) the cost of voting the security outweighs the possible benefit to the applicable client, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the account managers to effect trades in the related security; or
- (iii) we otherwise determine that it is consistent with our fiduciary obligations not to vote the security.

A copy of our Proxy Voting Policies and Procedures will be provided to clients and prospective clients upon request.

Ducenta does not include as a component of services the filing of class actions on behalf of current or past clients. Ducenta may only manage a portion of any specific client's assets, and due to the many factors to be considered when determining whether participation in a class action settlement would be beneficial, the decision as to whether to file and what information to file is the exclusive domain of the client. Should Ducenta receive class action documentation on behalf of a current client, information pertaining to the class action will be forwarded to the affected client, client adviser, or consultant for evaluation. Ducenta may assist clients from time to time by providing applicable documents in our possession upon written request from the client.

Clients may also obtain information from us about how we voted any proxies on behalf of their account(s) upon request by contacting Brian Y. Kim at (213) 364-2848 or via email to brian.kim@ducentasquared.com.

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.