WhaleRock POINT PARTNERS, LLC

Professional Investment Management

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Form ADV Part 2A
Brochure

This brochure provides information about the qualifications and business practices of WhaleRock Point Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 401-228-7799. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about WhaleRock Point Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

WhaleRock Point Partners, LLC ("WhaleRock") is a Registered Investment Adviser. This registration does not imply a certain level of skill or training. Law requires WhaleRock to register with the SEC because the assets under its management exceed the maximum allowed to be exempt from registering.

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Item 2: Material Changes

Since the last annual update of this Brochure, filed on March 2, 2023, we have made the following material change:

- Jacalyn Reed has been appointed to serve as Chief Compliance Officer, effective 1/1/2024.

While there have been no other material changes to the firm's business, we have revised language throughout this Brochure. We recommend that all clients and prospective clients read it in its entirety.

Item 3: Table of Contents

Item 4: Advisory Business

WhaleRock is an investment adviser. Its principal activity is the day-today management of its clients' investment assets. These assets are held in individual (separated) client accounts. These accounts are held and maintained by a bank, broker dealer or other qualified custodian. Clients compensate WhaleRock for its investment management service through fees based on a clearly written fee schedule provided to each client. A specific discussion of these fees can be found in Item 5.

WhaleRock was formed in May 2006. It occupied its offices on June 1, 2006, and began managing clients' assets on July 1, 2006. It is owned by Bradley P. Dorman and Tyson C. Reed. Mr. Dorman is the majority shareholder and managing partner. As of December 31, 2023, WhaleRock managed approximately $624,783,378 in client assets, of which $624,783,378 was managed on a discretionary basis and $0 on a non-discretionary basis.

Investment Management Services

WhaleRock's advisory services are tailored to the individual needs of clients. In general, WhaleRock seeks maximum after-tax investment results for its clients while adhering to each client's written investment policy.

Each client account has a written Investment Policy Statement clearly stating the account's objectives, asset allocation ranges and constraints. Clients have the option to include specific investment directions or restrictions in this statement, if desired. Please see Item 16, Investment Discretion, for further information.

WhaleRock manages nearly all accounts on a discretionary basis. This means it has full authority to determine the securities bought and sold in each account. This authority is granted by each client for each account in a signed Investment Management Agreement. A client may terminate this agreement at any time without penalty. Please see Item 16, Investment Discretion, for further information.

WhaleRock employs third party and proprietary software tools to screen accounts with daily regularity.

These methods review accounts constantly from various perspectives. We believe our proprietary tools create competitive advantages in many aspects of our account management and service delivery capabilities. In particular, we are able to manage large amounts of fixed income securities across numerous accounts. This provides us an ability to offer clients portfolios including directly owned fixed income securities using highly tailored management techniques. Please see Item 13, Review of Accounts, for further information.

In the course of interacting with its clients, WhaleRock will often provide other financial planning advice, information and counsel. Unless a client enters a special agreement, WhaleRock does not charge additional fees for this service. It is included in the investment advisory service and the client's investment fee schedule. Since inception, WhaleRock has not entered any special service agreements. Please refer to Item 5 Fees and Compensation, for further information.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Retirement Plan Services

A. Types of Retirement Plan Services

Pursuant to our Investment Fiduciary & Retirement Plan Consulting Agreement (the "Consulting Agreement"), we deliver both discretionary and nondiscretionary investment fiduciary services. The Consulting Agreement allows the Sponsor to select the nature and scope of services it determines to be necessary for the operation of their particular plan.

The Consulting Agreement describes the terms of our arrangement with the Sponsor, including a description of the investment fiduciary services and the fees we charge. Sponsor must sign and submit the Consulting Agreement to us before we perform any investment fiduciary services.

By signing the Consulting Agreement with us, Sponsor agrees that it has selected us as a fiduciary to the plan under ERISA Section 3(21)(A). When Sponsor signs an agreement with us, Sponsor also agrees that the services we provide are necessary for the operation of the plan and our fees are reasonable.

B. Description of Investment Fiduciary Services

As described in the Consulting Agreement, and as elected by Sponsor, we provide the following services:

<u>**Nondiscretionary Investment Fiduciary Services**</u>:

For each of the nondiscretionary fiduciary services described herein, we will solely be making recommendations to Sponsor, and Sponsor retains full discretionary authority to make the final decisions over the assets of the plan. We provide the following non-discretionary fiduciary services:

1. **Investment Policy Statement:** We will review with Sponsor the investment objectives, risk tolerance and goals of the plan. If the plan does not have an IPS, we will provide recommendations to Sponsor to assist with establishing an IPS. If the plan has an existing IPS, we will review it for consistency with the plan's objectives. If the IPS does not represent the objectives of the plan, we will recommend to Sponsor revisions to align the IPS with the plan's objectives.

2. **Advice regarding Designated Investment Alternatives ("DIAs"):** Based on the plan's IPS or other guidelines established by the plan, we will review the investment options available to the plan and will make recommendations to assist Sponsor with selecting DIAs to be offered to plan participants. Once Sponsor selects the DIAs, we will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the DIAs. If a DIA is required to be removed, we will provide recommendations to assist Sponsor with replacing the DIA(s).

3. **Advice regarding Model Asset Allocation Portfolios ("Models"):** Based on the plan's IPS or other guidelines established by the plan, we will make recommendations to assist Sponsor with creating risk-based Models comprised solely among the plan's DIAs. Once Sponsor approves the

Models, we will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the Models. Upon reasonable request, and depending upon the capabilities of the record keeper, we will make recommendations to Sponsor to reallocate and/or rebalance the Models to maintain their desired allocations.

Discretionary Investment Fiduciary Services:

For each of the discretionary fiduciary services described below, we will exercise discretionary authority over the plan assets. Sponsor's sole responsibility with respect to these services is to prudently select and monitor us, and we will select, monitor and replace the investments as described more thoroughly below.

Section 402(c)(3) of ERISA allows Sponsor to delegate responsibility for selecting, monitoring and replacing plan assets to an "investment manager" that meets the requirements of Section 3(38) of ERISA. Section 405(d)(1) of ERISA provides that if an investment manager is properly appointed, then "no trustee shall be liable for the acts or omissions of such investment manager or managers, or be under an obligation to invest or otherwise manage any asset of the plan which is subject to the management of such investment manager." We are registered as an investment adviser under the Investment Advisers Act of 1940 (the "Act"), and we have acknowledged our fiduciary status to the plan under ERISA. Therefore, we are qualified to serve as an investment manager under Section 3(38) of ERISA and we are doing so with respect to the following services:

1. **Selection, Monitoring and Replacement of DIAs:** We will review with Sponsor the investment objectives, risk tolerance and goals of the plan and provide to Sponsor an IPS that contains criteria from which we will select, monitor and replace the plan's DIAs. Once approved by Sponsor, we will review the investment options available to the plan and will select the plan's DIAs in accordance with the criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the DIAs and replace any DIA(s) that no longer meet the IPS criteria.

Creation and Maintenance of Models: We will create a series of risk-based Models comprised solely among the plan's DIAs; and, on a periodic basis and/or upon reasonable request, we will reallocate and rebalance the Models in accordance with the IPS or other guidelines approved by Sponsor.

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Item 5: Fees and Compensation

WhaleRock's Management Fees for Services Other Than Retirement Plan Services

Unless otherwise agreed, the firm's advisory fees are based on a percentage of the value of the assets under the firm's investment management. WhaleRock charges fees monthly, in arrears. This means fees are charged and collected after investment management services are provided.

Most clients are charged a flat annual rate of up to approximately 1.1%. The firm sets the rate after consideration of the size of the account (larger accounts are charged lower rates), the type of assets to be managed, the firm's estimate of the complexity and time requirements of the engagement, and other factors. Some clients or are charged on a tiered fee schedule, which is generally as follows:

First $1,000,000 of market value	1.10%
Next $2,000,000 of market value	0.90%
Next $2,000,000 of market value	0.75%
Accounts in excess of $5,000,000	0.60%

WhaleRock calculates its fees based on the accounts' values on the last day of the month, except that, if an account is managed by a sub-adviser using a different method to determine its fees, WhaleRock will use that same method for that account so clients can easily evaluate the fees assessed in their account(s). Sub-advisers are defined below, under this Item.

For each account, the methods used to value the account and the fee rate or schedule are stated in the fee agreement.

WhaleRock generally requires that clients authorize the firm to instruct the client's custodian to deduct fees from clients' assets. Clients may choose to have the management fees incurred by one or more of their accounts assessed to another of their accounts managed by WhaleRock. A transaction clearly describing the deduction as an investment management fee appears on the account statement that clients receive from the custodian. WhaleRock has agreed to invoice certain clients for fees incurred.
Where the investment management agreement is initiated or terminated mid-month, WhaleRock will assess the fees for that partial period on a pro rata basis.

Retirement Plan Services Fees

The firm's fee for retirement plan services is based on the plan's total assets (as calculated by the plan's record keeper or custodian). These fees, which are negotiable, generally range from 0.25% to 0.75% per year. The fee for each plan is specified in the 3(38) Agreement. Fees are charged quarterly, in arrears, unless another method is specifically agreed to in writing. If the 3(38) Agreement is established or terminated during a billing period, the Fees are assessed for the partial period on a pro rata basis.

These asset-based fees are automatically calculated by the plan's record keeper or custodian and deducted from the plan and paid to us as authorized by Sponsor in the Consulting Agreement, unless otherwise specified in writing.

Sponsors receiving Retirement Plan Investment Fiduciary Services may pay more or less than sponsors might otherwise pay if purchasing similar services through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan and the frequency of the services.

All fees we receive for Retirement Plan Investment Fiduciary Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities, and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, the plan or its participants may pay an initial or deferred sales charge.

Other Fees And Expenses Clients Will Pay

In addition to our investment advisory fees, the client will pay all direct expenses incurred for the client or disbursements made on behalf of the client, including custodian's charges, commissions, transaction fees, asset-based custody fees, and all other fees described in the custodial agreement. Clients will also incur charges imposed by other third-parties in connection with certain investments, including mutual fund fees, confirmation fees, surcharges, fees charged by sub-account managers or sub-advisers, contingent deferred sales charges on previously purchased mutual funds, clearing, custody and other transaction charges and service fees, and IRA and Qualified Retirement Plan fees.

Additional third-party fees can also include fees associated with the type of transaction (exchange versus purchase), method of placing the transaction (electronic vs. over the phone), and paper confirmation fees.

All mutual funds, including "no load" funds and exchange traded funds, incur transaction costs, expenses, and other fees. Mutual funds typically charge ongoing fees and operating costs, including operating expenses, management fees, 12b-1 / servicing fees, and other expenses. These charges are deducted from the fund's assets, thereby reducing the shareholders' investment returns. Many mutual funds pay a portion of the marketing and distribution fees to broker-dealers, which in turn pay a portion of these fees to their representatives. Information about the fund's fees and expenses is contained in the fund Prospectus or in other documents such as the fund's Statement of Additional Information. Investors should request and read the fund's Prospectus before making an investment decision.

Plan Sponsors should review the fees charged by the funds, the fund manager, and the plan's other service providers, as well as our fees, so that they fully understand the total amount of fees to be paid by the plan.

When purchasing mutual funds, choosing a share class is an important investment decision. Different share classes are charged different types and amounts of fees. Certain share classes can also be subject to restrictions on redemptions, or to "back end" charges that are assessed if the investor redeems his or her investment within a prescribed time period. The holders of higher-cost share classes will pay higher fees, and will thus achieve lower investment return, than holders of lower-cost share classes of the same fund.

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Item 6: Performance-Based Fees and Side-By-Side Management

WhaleRock does not charge performance-based fees (fees based on a share of capital appreciation of the assets of a client's account(s) under management).

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Item 7: Types of Clients

WhaleRock provides investment advisory services to individuals, high net worth individuals, trusts, estates, family limited partnerships, charitable organizations, corporations and other legal entities, and pension and profit sharing plans.

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

Methods of Analysis

WhaleRock's view of the markets is premised upon the belief that asset prices and returns are driven primarily by trends in corporate earnings, economic growth, inflation, interest rates and liquidity. Individual asset classes respond differently to these variables at different points in the economic cycle, depending on fiscal and monetary policy, social policy, consumer confidence and saving, pricing power, market valuations and investor positioning.

WhaleRock begins the investment process with a top-down analysis of a wide range of macro-economic, political, social and market related data in an effort to identify the key structural and cyclical themes driving the global economy. From this ongoing analysis, we develop forecasts of expected asset class returns and general investment themes. These themes complement the conclusions drawn from our top-down analysis of the global investment environment.

After developing our long term, secular investment themes, we use a combination of fundamental and technical analysis to select individual securities that complement our top-down approach.

Fundamental analysis is an investment methodology that uses quantitative economic and financial data to make both quantitative and qualitative judgments about the intrinsic value of securities. In general, if the analysis reveals that the intrinsic value of a security is higher than its current price, it is attractive to own. If the intrinsic value of a security is lower than its current price, is not an attractive investment.

Technical analysis is another valuable investment methodology that uses market activity data to predict future price movements. In general, it is a study of the depth of supply and demand for a security using the actual transaction data history of securities.

Although both are useful and important methodologies, WhaleRock relies more heavily on the analysis of fundamental data such as a company's balance sheet, income and cash flow statements, earnings forecasts, profit margin and other important financial information in making security selections. We favor companies that are leaders in their industry, have high and/or increasing levels of cash flow, manageable debt and stable and consistent management.

Once a security has met our fundamental criteria and complements our higher-level investment theme, we utilize technical analysis to shape our final judgments on whether staging buy or sell orders is necessary and may add value. Staging an order relates to whether the order is completed all at once or gradually or if we set price limits or if we ask our broker to use simple or sophisticated trade programs to complete the trade. In those cases, part of the decision process includes analysis of trading price and volume data, relative strength indicators to gauge momentum, analysis of 50 and 200-day moving averages, i.e., technical analysis.

We have access to a suite of technical analysis tools through our subscription to the Bloomberg data analytics service and complement it with other subscriptions to equity research and analysis services We use technical analysis only to complement fundamental conclusions.

WhaleRock utilizes a number of financial resources throughout its investment process including, but not limited to, research materials prepared by third party research firms, annual company reports, financial newspapers and magazines, investment newsletter subscriptions, filings with the SEC, corporate bond rating services and company press releases.

The methods described above apply specifically to equity securities and generally to all securities. When choosing fixed income securities, the process also involves a review of the credit worthiness of the issuer. In many cases, the issuer may not meet our satisfaction as an equity investment but will as a debt investment. If we hold a bond in any account, our fundamental credit analysis satisfies us that the issuer will make uninterrupted debt repayment.

When selecting third party advisers or sub-advisers, we examine the adviser's history, results and cost. We attempt to verify the adviser has demonstrated results that are competitive and consistent with its investment strategy and we closely consider potential reasons the adviser may not be able to continue its competitive performance. We monitor these advisers to measure their future results meet or exceed our expectations.

Investment Strategies

WhaleRock offers customized investment advisory service. WhaleRock does not specialize in a particular type of investment advisory service or strategy. In general, WhaleRock invests in a mixture of asset classes including but not limited to equities and fixed income securities. We seek maximum after-tax investment results for each client while adhering to each client's written investment policy. Some accounts invest only in fixed income securities and some invest only in equity securities. Most accounts are a mixture of asset classes.

To develop a proper core investment strategy, WhaleRock works closely with clients to construct a specific and detailed Investment Policy Statement ("IPS"). The IPS serves as the investment roadmap for WhaleRock and the client. It clearly defines each account's goals, objectives, and asset allocation ranges. It describes any of the account's investment constraints including risk tolerance, time horizon, income needs, liquidity requirements and legal and tax issues. WhaleRock believes that over long periods, asset allocation is the primary determinant of investment performance and that implementing and maintaining the appropriate asset allocation for each client's objectives is paramount. We review and update the IPS at each client review meeting.

Overall, our process employs broad diversification, systematic portfolio risk management, and internal management. When appropriate for, and approved by, the client, WhaleRock may appoint a high quality sub-adviser to manage client assets.

Risk of Loss

All investing in securities involves risk of loss that clients should be prepared to bear. Those risks include:

- Interest rate risk: The risk borne by an interest-bearing asset, such as a loan or a bond, due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.
- Market Risk: The risk that the price of a security may drop in reaction to market events. This type of risk is independent of risks associated with a security's particular underlying circumstances.
- Inflation Risk: The risk that a currency loses its purchasing power because of the rising price of goods and services.
- Currency Risk: The risk that arises from the change in price of one currency against another.
- Reinvestment Risk: The risk that a decline in interest rates will lead to lower income when bonds mature and funds are reinvested at a lower rate.
- Business Risk: The risk associated with a particular industry or a particular company with an industry.
- Liquidity Risk: The risk that an investment will not readily be converted into cash.
- Financial Risk: The increase in stockholder's risk, over and above the firm's basic business risk, resulting from the use of financial leverage (borrowing).

Clients also face the risk that securities that we choose for the client's portfolio may not perform as well as similar securities in the same industry or the stock/bond market in general. Different types of investments involve varying degrees of risk. Diversification and asset allocation do not guarantee profits or assure against loss. Past performance is never a guarantee of future results. No one should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the firm) will be profitable or equal any specific performance level(s).

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Item 9: Disciplinary Information

In this Item, registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WhaleRock or the integrity of WhaleRock's management. WhaleRock and its personnel have no history of any disciplinary events and, therefore, have no information applicable to this Item.

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Item 10: Other Financial Industry Activities and Affiliations

In this Item, registered investment advisers are required to disclose any material relationship or arrangement with other financial industry participants. WhaleRock and its personnel have no material relationships or arrangements to disclose.

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

Code of Ethics

WhaleRock has adopted a Code of Ethics ("the Code") for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code orients new employees to ethics rules and requires all covered persons to certify, at least annually, their understanding and compliance with the Code. WhaleRock strives to ensure that all personnel act in accordance with applicable regulations governing registered investment advisers as well as the standards set forth in the Code.

WhaleRock will provide a copy of its Code to clients and prospective clients upon request.

We maintain strict guidelines in the Code, for all our employees, designed to assure that we, or persons associated with us ("covered persons"), may not benefit, directly or indirectly, from transactions made for the accounts of clients and that no other conflict of interest exists.

The Code does not prohibit covered persons from buying or selling securities held by clients. We have imposed restrictions upon covered persons in connection with the purchase or sale, directly or indirectly, for their own account or accounts controlled by them, of securities recommended to or purchased for clients.

We are permitted to buy or sell securities for clients that covered persons own or may purchase. The Code's personal trading rules are designed to assure that the personal securities transactions, activities and interests of the employees of WhaleRock will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees and other covered persons to invest for their own accounts.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WhaleRock's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at the same average price.

When aggregated orders are not fully executed, WhaleRock retains a record of the data compiled to create the order. This data specifies the accounts participating in the order and the intended allocations. The partially filled orders are allocated on a pro rata basis to all accounts including affiliated accounts. Any exceptions are explained on this record.

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Item 12: Brokerage Practices

Please refer to Item 5 for additional information about brokerage and brokerage costs.

WhaleRock is not a securities broker and does not execute securities transactions. We place orders with brokers to buy and sell securities for the accounts we manage.

Unless a client specifically directs us to place brokered transactions for their account(s) with a particular broker, we select the brokers and dealers to execute clients' transactions.

When selecting brokers, our first consideration is whether the broker can provide the "best execution" of the particular transaction. Determining best execution includes considerations of:

- the ability to attain the best price
- the reasonableness of broker commissions
- the ability to find suitable and attractive securities (fixed income brokerage)
- the ability to provide accurate and timely trade reporting
- the frequency of administrative errors
- the willingness to be flexible
- the consistency and quality of service
- the ease of communication and delivery of information
- the quality of research

In cases where clients have their account(s) held by a Broker/Dealer (Fidelity, for example), the transactions in those accounts will typically be carried out by that Broker/Dealer. The costs of those transactions are described in the clients' agreement(s) with their custodian and broker.

Stock and Other Exchange Based Transactions

WhaleRock has relationships with approximately three (3) institutional brokers for equity exchange transactions. We have experienced no discernable difference in trade execution between the brokers. All brokers charge similar commission rates and a portion of this charge is allocated to soft dollars (defined below). We have had no serious difficulties with any of these brokers' operations.

We communicate most of the trades executed with these brokers through an electronic interface. In some cases, we speak directly with their personnel about the trade.

We have intentionally declined opportunities to engage more brokers for exchange based activity. We believe our clients are best served by their investment adviser having larger relationships with a small number of competent brokers than managing numerous brokerage relationships. We believe that we have more than adequate coverage from these relationships.

Fixed Income Transactions

The "bond market" operates very differently from the "stock market". The vast majority of bonds are not traded on exchanges. There is not a set location where bonds trade nor are there firms that consistently "make a market" for particular bonds. There are so many bonds trading in assorted frequency that an exchange system is not practical. Bank of America, for example, has one common stock and over 4,500 debt securities.

When any investor wishes to sell a bond holding, a broker must find a buyer willing to pay the price level agreeable to the seller. If the seller sets a price for the bonds, that price is called the "ask price" and the seller is said to have "offered the bonds out" at that price. The seller can stand fast to that price or can decide to accept a lower price.

When any investor wishes to buy a particular bond, the broker must find a seller willing to accept the price level agreeable to the buyer. If the buyer sets a price for the bond, that price is called the "bid price". The buyer can stand fast to that price or can decide to bid a higher price.

Sometimes a seller directs a broker to solicit "bids" for the bond from market participants without setting an ask price. If one of these bids is acceptable, the seller will direct the broker to accept that price.

This activity of seeking agreeable price levels is similar to what happens on an exchange. The important difference is that the bond market activity is not centralized in the way it is on an exchange. Buyers and sellers of exchange traded securities have defined physical or electronic locations where their brokers submit their bid and ask orders. This organized communication of interest in a particular security creates much greater efficiency in speed of execution and price discovery.

Some bonds trade with regularity and there is enough consistent investor interest in the bonds that there are numerous bid and ask prices posted on electronic trading systems. These bonds trade in a more orderly fashion and the activity resembles that of exchange traded securities.

Most of the larger Broker/Dealer firms hold an inventory of bonds held for resale to its customers. The amount and type of the bonds in this inventory depends on various factors including the size, financial strength and a firm's degree of involvement in various sectors of the bond market. No single firm controls this market or can provide for predominantly all the buying and selling needs of its customers. "Bond traders" manage this inventory for their firm. These traders are said to sit on the "bond desk" or the "trading desk" of their firm.

These dealers working through their traders are an important source of buying demand and selling supply. Many bond purchases and sales are made from and to these inventories. Brokers interact with bond traders within and outside of their own firm to buy and sell bonds for their customers.

In the case of an investor purchasing a bond, the broker may be providing the bond from his firm's inventory or he may be purchasing it from another firm's inventory. Likewise, when an investor sells a bond, the broker may find that his firm's bond desk may purchase the bond or he may find another bond desk that is willing to purchase the bond.

In other cases, the broker may find that there is a buyer for the bond within his firm's customers or that another firm has found a buyer within its customers. In this case, the bond never really enters the inventory of any firm because the firms have matched the seller of the bond with a buyer of the bond and they never truly "take a position" in the bond since all parties to the transactions have agreed to their prices in advance.

Most bonds trade because the owner of the bonds wishes to sell them and a buyer surfaces. It is less common, especially in the municipal sector, that a buyer has identified a particular bond and is searching for an owner to consider a bid. The brokers' efforts to find buyers for these bonds are indispensable since there is no central exchange for most bonds.

Brokers are compensated by price differences between the price the bond is sold and the price the bond is bought. This commission is often referred to as "marking the bonds up". When bonds are traded the activity of the "middleman" is obvious to the dealers, brokers, traders and investment professionals.

However, this activity and the cost of these mechanisms are virtually invisible to most investors. Trade confirmations for exchange activity clearly show the costs of transactions including any exchange or regulatory fees and broker commissions. Bond trade confirmations do not provide information regarding any price markup.

It is important that investors recognize these less visible costs of bond trading activity. Investors benefit when an educated, experienced and objective adviser directs and oversees trades and is able to negotiate and monitor brokers' compensation. Without the presence of this oversight, excessive commissions may add unnecessary costs to investments.

An exception to these practices occurs when new bonds are issued to the market. In these cases the "dealer concession" (mark-up) is fixed by negotiation and all buyers receive the same price. WhaleRock may receive a portion of the dealer's concession on the purchase of new bonds in the form of soft dollars (defined below). This practice is limited to new issuance only because the dealer concession is set by the market and it removes any potential conflict of interest in our choice of brokerage.

WhaleRock has established numerous brokerage relationships to execute fixed income transactions. Use of these brokers is determined on a trade-by-trade basis and is influenced by a combination of factors in addition to those described above in this Item. The most important of these factors are the characteristics of the bonds offered by the broker as compared to the needs of the client(s) portfolio(s) in question and the cost of the bonds compared to generic market levels and bonds with similar characteristics.

Initial Public Offerings

WhaleRock may purchase shares in Initial Public Offerings ("IPO's") of equity securities for client accounts, if directed by a client in writing or if deemed suitable for investment by WhaleRock. The suitability of an investment is the primary criteria for client participation and WhaleRock endeavors to allocate IPO's fairly and equitably at execution and over time among those client accounts eligible to receive IPO's.

Before an order for an IPO is submitted to a broker, WhaleRock creates a tally of shares desired for each client account. If less than the full amount of shares desired is acquired, we prorate the amount acquired among the accounts.

Soft Dollars

"Soft dollars" is a term the financial industry uses to describe services that may be purchased with commissions paid by an adviser's clients for the use of the investment adviser's business activity. When this occurs, the investment adviser directs a vendor of investment services to submit its expenses to the institutional broker/dealer for payment from the adviser's soft dollar account. The expenses paid by the broker are called soft dollar expenses. WhaleRock does use soft dollars to offset some of the costs of real-time price information from some of the major US stock exchanges, the cost of the Bloomberg data service, the cost of

Advent portfolio management and the cost of some research. The benefit of this information is for accounts that buy and sell securities that create the source of the soft dollars. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.
This is the only use of soft dollars by WhaleRock.

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Item 13: Review of Accounts

Each client is offered at least an annual account review of the client's portfolio. Additional reviews can be triggered by client request, by material market, economic or political events, or by changes in the client's financial situation (such as retirement, termination of employment, inheritance, etc.).

When requested, WhaleRock will provide clients with portfolio reports including information such as holdings, cost data, current market values and yield/income estimates. We are also able to generate custom reports upon client request.

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Item 14: Client Referrals and Other Compensation

No one who is not a client provides an economic benefit to us for providing investment advice or other advisory services to our clients. Neither the firm nor any related person compensates any person who is not a supervised person of the firm for client referrals.

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Item 15: Custody

Under government regulations, WhaleRock is deemed to have custody of client assets if, for example, the client authorizes the firm to instruct a qualified custodian to deduct advisory fees directly from the client's account, if one of our personnel serves as Trustee of a client's Trust, or if the client grants the firm authority to move the client's assets to another person's account.

In all instances, the Qualified Custodian maintains actual custody of client assets. Clients will receive account statements directly from the Qualified Custodian at least quarterly. They will be sent to the email or postal mailing address the client provided to the Qualified Custodian. Clients should carefully review those statements promptly upon receipt. To the extent clients also receive reports from the firm, WhaleRock urges you to compare them to the custodian's statements, which are the official record of the client's account.

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Item 16: Investment Discretion

WhaleRock accepts discretionary authority to manage securities accounts on behalf of its clients, which means that the firm obtains written authorization from the client to select the identity, amount and timing of the securities to be bought or sold. The client's written authorization is set forth in the Investment Management Agreement with WhaleRock. Clients may revoke this authority at any time.

Clients may place limitations on this authority by, for example, instructing the firm not to invest in certain industries or types of securities, by instructing the firm to maintain certain investment allocations, or by stating the client's investment policies, limitations or restrictions in the client's Investment Policy Statement or otherwise in writing.

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Item 17: Voting Client Securities

WhaleRock usually accepts authority from its clients at the outset of an advisory relationship to vote any securities held in the client's accounts. Clients may revoke this delegation of voting authority in the manner specified in the client agreement.

WhaleRock has adopted a general policy to vote proxy proposals, amendments, consents, resolutions, and other voting instruments relating to investments held in client accounts in a manner that serves the best interests of the client and the value of their investments. A copy of our Proxy Voting Policies and Procedures is available upon request. Clients may request a record of our proxy votes on their behalf.

Clients may specify how they wish their securities to be voted on any issues.

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Item 18: Financial Information

In this Item, registered investment advisers are required to make certain disclosures if the firm requires certain advance payments or has been the subject of a bankruptcy petition. The firm does not require payment in advance and has not been the subject of a bankruptcy petition.

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