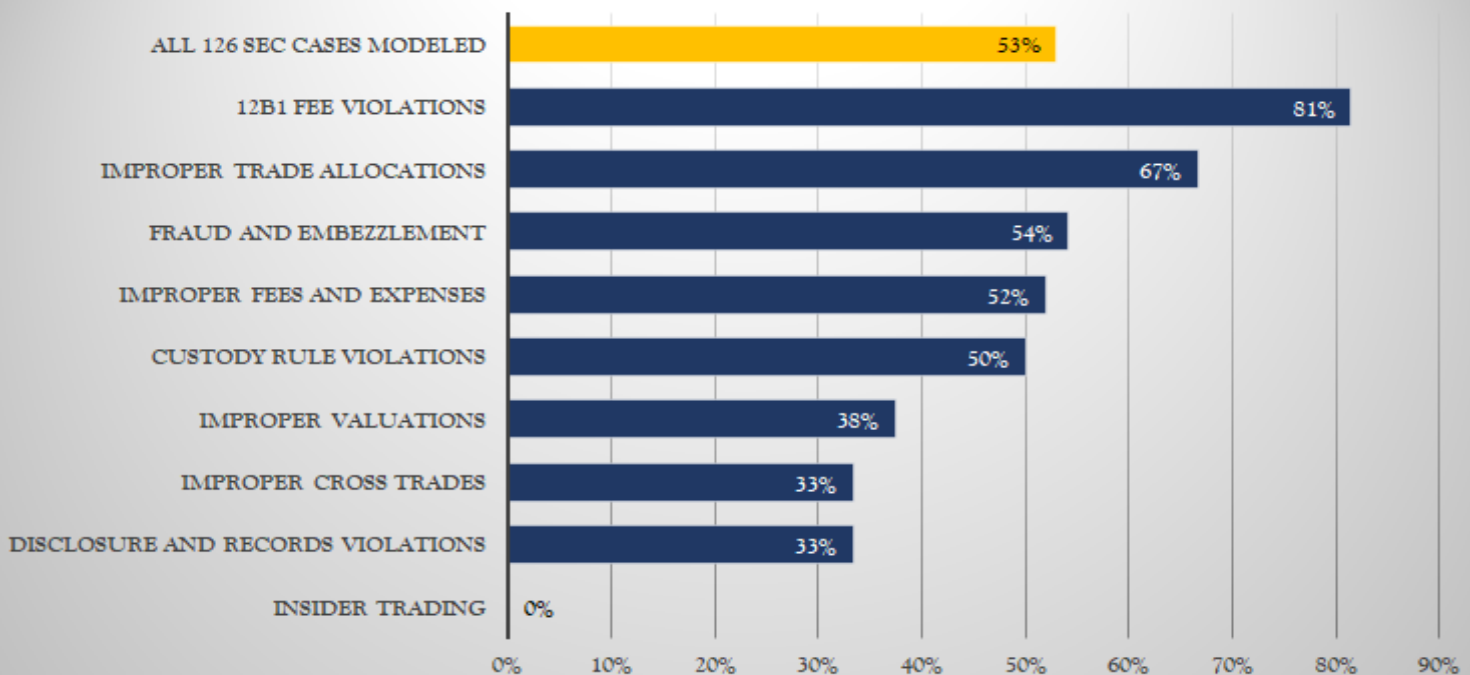


Conflicts of Interest

- Convergence's Conflicts of Interest is a compliance risk factor that is considered high-risk when the number of conflicts of interest disclosed by the Delegate are statistically greater than or less than one standard deviation (1STD) from the mean of their designated peer group. Their designated peer groups is based on the registration status of the Delegate, their investment strategy and their size. When Delegates fall outside of 1STD it indicates that the number of disclosures is greater than or less than 84% of similar Delegates. While many other factors may influence the number of conflicts faced by a Delegate, Designated persons should be aware that the Delegate is reporting far more or less than their peers.
- The graph below highlights the percentage of sampled SEC cases taken against registered investment Advisers in the United States for various infractions where the Adviser's Conflict of Interest factor was rated high-risk. For example, the graph reads, "In 53% of 126 SEC cases modeled by Convergence, the Advisers Conflict of Interest factor was rated high-risk and the same high-risk condition existed in 81% of 12b-1 fee cases and 67% of improper trade allocation cases." A remarkable correlation!
- Designated persons should ask Delegates with a high-risk Conflict of Interest conditions to disclose the controls in place to manage them.



CONVERGENCE

OPTIMAL PERFORMANCE

The Convergence Database includes 4,000 data points on each Adviser/Manager updated daily, including:

- 38,000+ SEC and State Advisers
- 183,000+ private-public funds
- 6,000+ Service Providers
- 100,000+ C-Suite Executives
- 30+ Investment Strategies

For more information on the topic of "identifying and dealing with non-investment risk conditions" in your Delegates, please contact George Gainer at Convergence at ggainer@convergenceinc.com