

## **NEWGATE CAPITAL MANAGEMENT LLC**

One Sound Shore Drive  
Greenwich, CT 06830  
Phone: (203) 661-0700  
Fax: (203) 661-4005  
<http://www.newgatecapital.com>

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Newgate Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (203) 661-0700 or [sonia.rosenbaum@newgatecapital.com](mailto:sonia.rosenbaum@newgatecapital.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 Newgate Capital Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Newgate Capital Management LLC is 105728.

Newgate Capital Management LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

**Item 2: Material Changes**

There are no material changes that were made to the brochure since our last update. The date of the last update of our brochure was March 28, 2013.

**Item 3: Table of Contents**

	<b>Page</b>
Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management .....	7
Item 7: Types of Clients .....	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9: Disciplinary Information.....	11
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12: Brokerage Practices.....	12
Item 13: Review of Accounts .....	14
Item 14: Client Referrals and Other Compensation.....	15
Item 15: Custody .....	16
Item 16: Investment Discretion .....	16
Item 17: Voting Client Securities.....	16
Item 18: Financial Information.....	16

#### **Item 4: Advisory Business**

Newgate Capital Management LLC ("Newgate") is a privately held investment adviser founded in 1982 and located in Greenwich, Connecticut. Newgate's principal owners are Sonia G. Rosenbaum, Ph.D., Avy E. Hirshman and James A. Trainor.

Newgate manages client assets on a discretionary and a nondiscretionary basis. Total discretionary assets under management as of 12/31/2013 were \$774 million and total nondiscretionary assets were \$300 million.

Newgate provides investment management services to clients that generally include high net worth individuals, trusts, foundations, educational and charitable institutions, pension plans, corporations, private, corporate and public funds.

Newgate offers investment management services according to several strategies, which clients may select depending on their respective investment objectives. These strategies are:

- (1) Total Return Income
- (2) Municipal Income
- (3) Global Resources Equity
- (4) Emerging Markets Equity

See Item 8 below for more information regarding these strategies.

Newgate may tailor its advisory services to individual clients who establish a separately managed account. Such clients may designate proposed investment policies, limitations or restrictions as they deem appropriate, subject to acceptance by Newgate. For example, Newgate may restrict securities or sectors for a client with a social responsibility mandate.

Clients are encouraged to review their individual risk tolerance profiles and other restriction requests with their investment professionals on a regular basis. Newgate's principals are also available to consult with clients on an appropriate choice of management styles or other types of restrictions.

#### **Investment Fund**

Newgate provides discretionary investment management services to the "Newgate Emerging Markets Investment Fund" of a privately offered business trust (the "Newgate Trust"). The Fund is managed generally in accordance with one of Newgate's four core investment strategies. Units in the Trust (the "Units") are offered exclusively to certain advisory clients of Newgate who have entered into investment management agreements with Newgate and are qualified institutional investors (as described in Item 7 below). The Units will not be registered under the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state or any other jurisdiction, nor is any such registration contemplated. In addition, neither the Newgate Trust nor the Investment Fund will be registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act"), in reliance on Section 3(c)(7) thereof.

For more information about the Newgate Emerging Markets Investment Fund and the Newgate Trust, including applicable fees and other terms and conditions of investment, please consult the Confidential Private Placement Memorandum for the Investment Fund.

#### **Other Advice about Securities**

Newgate, from time to time, provides investment advice to qualified institutional investors under negotiated fee agreements. These can include nondiscretionary relationships, asset allocation and special situations recommendations.

## Wrap Fee Programs

Newgate participates in wrap fee programs by providing portfolio management services in connection with certain wrap fee programs sponsored by unaffiliated third-parties. In wrap fee programs, clients generally pay a single wrap fee to the wrap fee program sponsor that covers trade and execution services, including commission costs. Under these wrap fee programs, the advisory client selects the broker-dealer that will have custody of the client's account assets and execute transactions of U.S. listed securities on behalf of the client.

Newgate participates in both single contract wrap fee programs and separately managed account ("SMA") dual contract wrap fee programs. In the single contract wrap fee programs, clients will typically sign a client agreement with the wrap fee program sponsor, which contains a power of attorney directing the sponsor to retain Newgate on behalf of the client and grants discretionary investment authority to Newgate. The client generally pays a single fee to the sponsor that covers custody and trade and execution services (including commissions), as well as Newgate's fee for investment management services. The sponsor will pay a portion of the fee received from the client to Newgate for its services to the client.

In the SMA dual contract wrap fee programs, clients will typically sign separate agreements with the wrap fee program sponsor and Newgate. Clients will delegate investment discretion directly to Newgate, who will charge the client a separate fee for its investment management services. The client generally will pay Newgate its fee directly. Newgate's fee will be in addition to the wrap fee that the client pays to the sponsor and does not include the cost of custody and trade and execution services (including commissions) generated by the client's participation in the wrap fee program.

Newgate also participates in a type of wrap fee program called a unified managed account ("UMA") program, by providing portfolio modeling services to certain UMA program sponsors. Newgate is generally responsible for updating the model portfolios on a periodic basis. With the exception of one UMA program, Newgate does not execute any client trades for the UMA programs that receive Newgate's portfolio modeling services; rather, the UMA program sponsors (or advisers) are responsible for execution of all trades on behalf of such UMA program clients. Newgate's fee for its portfolio modeling services is paid by wrap fee sponsors out of the single wrap fee charged to wrap fee program clients.

Newgate presently participates in wrap fee programs sponsored by: Charles Schwab & Co., Citi Private Bank, Coyle Financial Counsel, Envestnet Asset Management, Inc., Fidelity, JP Morgan Securities, Kovack Advisors, Inc., Lockwood Advisors, Inc., Merrill Lynch, Morgan Stanley Smith Barney LLC, Placemark Investments, Inc., Raymond James, UBS, Wedbush Morgan Securities, Inc. and Wells Fargo Advisors. For more information about these wrap fee programs, including applicable fees and other terms and conditions of investment, please consult the sponsor's wrap fee program brochure for the applicable wrap fee program.

## **Item 5: Fees and Compensation**

### *Fees with respect to Direct Clients*

#### Management Fee Schedule:\*

	<u>Annual Fee (%)</u>
Total Return Income	1.00
Municipal Income	0.75
Global Resources Equity	1.00
Emerging Markets Equity	1.00

\* Generally, Newgate's management fees are based on the net asset value of the account, including cash, as shown on the initial and quarterly appraisals performed by Newgate. Management fees may vary from the applicable fees in the schedule above due to the particular circumstances of the client or as otherwise negotiated with particular clients, which may result in the client paying fees that are actually higher or lower than the fees represented in the table above. Newgate may give consideration to certain services provided by the custodian in determining its management fees. These services may include, but are not limited to, automatic downloads of client data, marketing and client servicing support.

Clients are typically billed in advance on a quarterly basis for management fees incurred. However, clients may negotiate to have management fees calculated and paid in arrears. Clients may elect to authorize Newgate to deduct fees from their custodial accounts or pay Newgate directly. If a client's advisory contract is terminated before the end of the billing period, Newgate will automatically process a refund of pre-paid fees on a prorated basis.

In addition to Newgate's management fees, clients may pay custodian fees. Clients generally will incur brokerage and other transaction costs. Please see Item 12 below for more information regarding brokerage.

Client accounts that contain investment company securities (e.g., mutual funds, closed- or open-end funds and exchange traded funds ("ETFs")) will pay layered fees. Fee layering occurs because clients pay their share of the underlying fund expenses, including custodian fees, associated with the investment company security. To the extent client accounts contain investment company securities, they will pay those underlying costs in addition to the management fees charged by Newgate and any wrap fees separately charged to the client account.

### *Fees with respect to the Investment Fund*

Newgate does not charge the Newgate Investment Fund directly for investment management services rendered. Rather, each investor in the Investment Fund pays an advisory fee (generally determined in accordance with the above fee schedule) to Newgate for investment management services pursuant to such client's investment management agreement with Newgate.

## *Fees with respect to Wrap Fee and UMA Programs*

As summarized above in Item 4, Newgate participates in certain wrap fee programs. In the case of single contract wrap programs and UMA programs, the client pays a single fee to the wrap program sponsor and the sponsor pays a portion of the fee received from the client to Newgate for its services to the client. Newgate's fees for investment management services under these programs range from 30 to 50 basis points based on the scale and volume of assets under management in the wrap or UMA program, except for 23 basis points for the Total Return Income strategy. In the case of an SMA dual contract wrap program, the client generally pays Newgate its fees directly. These fees, which are separate from and in addition to the wrap fees the client pays to the program sponsor, are specified in the separate investment advisory agreement between the client and Newgate.

For additional information concerning fees for these wrap fee programs (in addition to the brief description included above in Item 4), please consult the agreement between the client and Newgate, in the case of an SMA dual contract wrap fee program, or the applicable wrap fee program brochure prepared by the wrap fee program sponsor, in the case of single contract wrap programs and UMA programs.

### Performance Fees

In certain situations, Newgate receives fees based on criteria other than a percentage of assets under management, such as a fee based on the performance of the account. Newgate may enter into such fee arrangements alone or in combination with compensation based on assets under management. See Item 6 below for more information.

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

In certain situations, Newgate receives fees based on criteria other than a percentage of assets under management, such as a fee based on the performance of the account. Newgate may enter into such fee arrangements alone or in combination with compensation based on assets under management.

Actual or potential conflicts of interest arise in connection with Newgate's charging of performance-based fees on certain client accounts while managing other client accounts at the same time for asset-based fees or flat fees. Newgate and our supervised persons have an incentive to direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a client account or investment product that pays a performance-based fee. In addition, performance-based fees may create an incentive for Newgate to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. Newgate's compensation may be larger than it would otherwise have been, because the fee will be based on account performance instead of only on a percentage of assets under management.

Performance-based fee arrangements comply with the requirements of Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), or other applicable exemptions under Section 205(b) or (e) of such Act, and with applicable state laws, rules and regulations. Furthermore, Newgate has adopted a Code of Ethics and has policies and procedures in place which generally address actual and potential conflicts of interest and which we believe are reasonably designed to treat clients fairly and prevent clients from being systematically favored or disadvantaged. For example, among other things, Newgate monitors for favoring an account, front running and inconsistencies among similarly managed accounts.

To the extent that Newgate and/or our supervised persons manage or subadvise registered mutual funds, separately managed accounts and/or privately offered funds, several inherent conflicts of interest including, but not limited to the following, may exist:

- Registered funds and privately offered funds usually have different fee structures, particularly with respect to performance-based fees. Performance-based compensation arrangements will entitle an adviser to additional compensation based on investment performance. The prospect of receiving higher compensation from a privately offered fund could create a potential conflict of

interest for the adviser, as the differences in the fee arrangements may provide an incentive to favor the privately managed funds over the other accounts when, for example, placing securities transactions that the adviser believes could result in more favorable performance.

- Management of separate accounts and registered funds alongside privately offered funds in which an adviser takes different positions in the same or related securities for different clients. It is possible that an adviser may, for example, sell certain securities short for one client account, while other advisory client accounts simultaneously hold the same or related securities long. In an effort to mitigate these potential conflicts, Newgate has adopted side-by-side management procedures.

#### **Item 7: Types of Clients**

Newgate's clients generally include high net worth individuals, trusts, foundations, educational and charitable institutions, corporations, private, corporate and public funds, investment companies and pension plans. The minimum account size is generally \$5,000,000, except \$50,000 for clients participating in wrap fee programs. Newgate may, in its sole discretion, accept smaller accounts.

The Investment Fund requires a minimum purchase of 1,000 Units (for an aggregate initial minimum investment of \$1,000,000) or any lesser amount acceptable to Newgate, in its sole discretion. Units are offered exclusively to certain advisory clients of Newgate who have entered into investment management agreements with Newgate and are qualified institutional investors. In particular, each such advisory client must qualify both as an "accredited investor," as defined in Regulation D under the 1933 Act, and as a "qualified purchaser," as defined in the 1940 Act and the regulations thereunder.

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

The foundation of Newgate's philosophy is top-down, value oriented investing.

Newgate manages client assets using four primary strategies:

##### **Total Return Income**

*Investment Strategy and Method of Analysis.* Income is the primary objective of this strategy, with capital appreciation as a secondary objective. The strategy generally invests a substantial portion of assets in closed-end funds and ETFs that hold government, government agency, corporate and mortgage debt worldwide. The strategy may invest in funds that specialize in certain types of instruments, such as preferred stock, bank loans, convertible bonds, high yield bonds, currencies or other similar instruments. The strategy may also include funds that contain non-U.S. securities as part of its investment strategy; these funds at time may hedge non-dollar currency exposure. At times, the strategy may hold "inverse funds" to reduce interest rate or credit exposure.

The strategy actively allocates assets to funds based on macroeconomic and geopolitical analysis. Attention is paid to global monetary and fiscal policies to determine portfolio positioning. Investment in individual funds is determined by a combination of quantitative and qualitative factors. The quantitative factors include statistical analysis based on a fund's current price relative to its net asset value (NAV) and an evaluation of its discount (or premium) relative to a fund's history as well as the history compared to comparable funds. Qualitative factors include sector exposure, dividend policy, leverage ratio and the fund's management.

##### **Municipal Income**

*Investment Strategy and Method of Analysis.* Income, exempt from federal taxation and capital growth are the primary objectives of this strategy. The strategy generally invests a substantial portion of assets in closed-end funds and ETFs holding intermediate to long-term tax-exempt securities.



The strategy actively allocates assets to funds based on macroeconomic and geopolitical analysis. Attention is paid to global monetary and fiscal policies to determine portfolio positioning. Investment in individual funds is determined by a combination of quantitative and qualitative factors. The quantitative factors include statistical analysis based on a fund's current price relative to its net asset value (NAV) and an evaluation of its discount (or premium) relative to a fund's history as well as the history compared to its peer group. Qualitative factors include sector exposure, dividend policy, leverage ratio and the fund's management.

### Global Resources Equity

*Investment Strategy and Method of Analysis.* This strategy seeks long-term growth of capital plus protection against inflation and monetary instability by investing in high quality companies involved in the mining, processing and transportation of natural resources of any kind. Newgate uses a top-down, global approach to sector and industry allocation, combined with a bottom-up style of stock selection. Maximum equity exposure is 100%.

This strategy will invest a substantial portion of its net assets in companies involved in the production, extraction, processing, distribution and transportation of natural resources of any kind. These companies may include, for example, companies involved, either directly or through subsidiaries, in exploring, mining, drilling, refining, processing, transporting, distributing, fabricating, dealing in or owning natural resources. The strategy will also consist of investments in companies that provide services directly related to this activity for the above listed companies. Natural resources include, but are not limited to, precious metals (e.g., gold, platinum and silver), ferrous and nonferrous metals (e.g., iron, aluminum and copper), strategic metals (e.g., uranium and titanium), hydrocarbons (e.g., coal, oil and natural gas), chemicals, paper and forest products, food, textile and tobacco products, and other basic commodities. In addition, the strategy may include domestic and foreign securities, including depositary receipts and securities of companies located in emerging markets, and may invest in companies of any size.

The strategy is comprised of equity securities, including common stocks and convertible securities, as well as U.S. Government obligations and derivative instruments, including options, futures contracts and options on futures contracts, synthetic instruments and currency swaps. The strategy may also invest in other investment companies, including ETFs. The strategy may consist of securities that are not publicly traded, but that are eligible for purchase and sale by certain qualified institutional buyers pursuant to Rule 144A under the 1933 Act, as well as other restricted securities, and illiquid securities.

### Emerging Markets Equity

*Investment Strategy and Method of Analysis.* This strategy seeks long-term growth of capital generally through investments in companies operating in emerging markets or whose shares are listed on the stock markets of such countries. Newgate's investment process begins with a top-down, global economic assessment to identify undervalued countries and sectors within those countries. Newgate uses fundamental economic analysis and investment experience to evaluate the impact of current geopolitical and macroeconomic factors on companies worldwide. Newgate uses a bottom-up quantitative and fundamental analytic approach for security selection. Maximum equity exposure is 100%.

This strategy will invest a substantial portion of its net assets in companies of any size operating in emerging markets or whose shares are listed on the stock exchanges in an emerging markets country. Emerging markets are less developed countries as defined by the investment community and represented by the Morgan Stanley Capital International ("MSCI") Emerging Markets Index. These countries are typically located in Asia, Africa, Eastern Europe, Latin America and the Middle East.

The strategy consists of investments in equity securities, which may include common stocks and convertible securities, and derivative instruments, including options, futures contracts and options on futures contracts, synthetic instruments and currency swaps. The strategy's investments may

also include depositary receipts, including American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, which are securities representing securities of foreign issuers, including emerging market issuers.

In addition, the strategy may invest in other investment companies, including ETFs. The strategy may also consist of investments in securities that are not publicly traded, but that are eligible for purchase and sale by certain qualified institutional buyers pursuant to Rule 144A under the 1933 Act, as well as other restricted securities, and illiquid securities. The strategy may include securities of countries located in developed countries or in U.S. Government Obligations.

### Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is no guarantee of future results.

Every client that invests in the Emerging Markets Equity strategy through the Newgate Investment Fund should refer to the confidential private placement memorandum and any other documents that the client has received or will receive that set out a more detailed discussion of risks.

**The following material risks of investing apply to all of Newgate's strategies described above, either directly or indirectly as a result of certain of the underlying holdings within these strategies (unless noted otherwise below in parenthesis):**

- *Management Risk.* Risk that Newgate's investment strategies may not result in an increase in the value of your investment or in overall performance equal to other investments.
- *General Market Risk.* Risk that the value of your investment will fluctuate based on the performance of the strategy's investments and other factors affecting the securities markets generally.
- *Foreign Securities Risk. (Does not apply to Municipal Income)* The risk of investments in foreign companies involve certain risks not generally associated with investments in the securities of U.S. companies, including changes in currency exchange rates, unstable political, social and economic conditions, a lack of adequate or accurate company information, differences in the way securities markets operate, less secure international banks or securities depositories than those in the U.S. and foreign controls on investment. In addition, individual international country economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. These risks may be greater in emerging markets and in less developed countries.
- *Equity Market Risk.* Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Preferred stock is subject to the risk that the dividend on the stock may be changed or omitted by the issuer, and that participation in the growth of an issuer may be limited.
- *Convertible Securities Risk.* A convertible security is a fixed-income security (a debt instrument or a preferred stock) which may be converted at a stated price within a specified period of time into a certain quantity of the common stock of the same or a different issuer. The market value of a convertible security performs like that of a regular debt security, that is, if market interest rates rise, the value of the convertible security falls.
- *Shares of Other Investment Companies Risk.* The risk that you will indirectly bear fees and expenses charged by the underlying funds in addition to the strategy's direct fees and expenses and, as a result, your cost of investing in the strategy will generally be higher than the cost of investing directly in the underlying strategy investments.
- *U.S. Government Obligations Risk.* The risk that there can be no assurance that the U.S. Government would provide financial support to its agencies or instrumentalities (including government-sponsored enterprises) who issue or guarantee certain securities where it is not obligated to do so.

- *Derivative Securities Risk.* The risk that the strategy's use of derivatives will cause losses due to the unexpected effect of market movements on a derivative's price, or because the derivatives do not perform as anticipated, or are not correlated with the performance of other investments which they are used to hedge or if the strategy is unable to liquidate a position because of an illiquid secondary market.
- *Swap Agreement Risk.* The risk that a swap contract may not be assigned without the consent of the counter-party, and may result in losses in the event of a default or bankruptcy of the counter-party.
- *Synthetic Instruments Risk.* The risk of investments in synthetic instruments is that the fluctuations in their values may not correlate perfectly with the overall securities markets.
- *Restricted Securities Risk.* The risk that because there is a limited market for restricted securities, Newgate may find it difficult to sell the securities and to the extent the securities are sold in privately negotiated transactions, Newgate may have to sell them at a lower price than if they were sold publicly.

**The following additional material risk(s) of investing apply to Newgate's Emerging Markets strategy:**

- *Country Concentration Risk.* The strategy may be concentrated in a particular country or group of countries; thus, the value of its investments will be affected by factors related to those countries and may fluctuate more widely than that of an investment that invests in a broad range of countries.

**The following additional material risk(s) of investing apply to Newgate's Emerging Markets and Global Resources strategies:**

- *Large-Cap Company Risk.* Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Also, large-cap companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.
- *Mid-Cap, Small-Cap and Micro-Cap Company Risk.* The risk that the securities of mid-cap, small-cap and micro-cap companies may be more volatile and less liquid than the securities of large-cap companies.
- *Exchange-Traded Funds Risk.* The risk related to investing in ETFs that do not apply to investments in conventional mutual funds, including that the market price of the ETF's shares may trade at a discount to their net asset value or that an active trading market for an ETF's shares may not develop or be maintained.

**The following additional material risk(s) of investing apply to Newgate's Global Resources strategy:**

- *Natural Resources Industry Concentration Risk.* Because the strategy's investments are concentrated in the natural resources industry, the value of its investments will be affected by factors related to that industry and may fluctuate more widely than that of a fund that invests in a broad range of industries.

**Item 9: Disciplinary Information**

This item requires us to disclose any legal or disciplinary events material to a client's or prospective client's evaluation of our business or the integrity of our management. Currently, there are no legal or disciplinary events material to a client's or prospective client's evaluation of our business or the integrity of our management to disclose for this Item.

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

As described in Item 4 above, Newgate is the investment adviser to the Newgate Investment Fund. Conflicts may arise as to the allocation of investment opportunities among this fund and our other clients. We have policies and procedures in place which we believe are reasonably designed to make sure that all of our clients are treated fairly and that no client account receives preferential treatment in the allocation of investment opportunities. See Item 6 above for more information.

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

Newgate has adopted a Code of Ethics and Insider Trading Policy supported by a transaction monitoring procedure designed to prevent potential conflicts of interest and the infringement of statutory and other rules relating to insider trading and similar activities. Employee personal trading may not be executed on the basis of information that is not generally available to the investing public. In particular, no employee, directly or indirectly, may purchase or sell a security for his or her own account on the basis of knowledge that Newgate is effecting, or proposes to effect, transactions in that security or is contemplating changing its investment policy with respect to that security.

Each employee who makes investment recommendations or decisions for client accounts, who participates in the determination of such recommendations or decisions, or who, in connection with his or her duties, obtains information concerning which securities are being purchased or sold or recommended for such action, must comply with applicable requirements and restrictions in the Code of Ethics. Newgate will provide a copy of its Code of Ethics and Insider Trading Policy to any client or prospective client upon request.

Newgate and/or our employees may invest in the same securities or related securities (such as warrants, options or futures) that Newgate or our employees recommend to clients. These practices can create conflicts of interest for Newgate and our employees. For example, our portfolio managers could make a personal investment in a thinly-traded security and then invest large quantities of client assets in that same security in order to drive up the value of that security. Alternatively, our portfolio managers could sell a personal investment in a security in advance of selling clients' positions in such security if the selling of clients' positions in such security would drive the value of the security down.

Newgate generally addresses the conflicts that arise in connection with personal trading via its Code of Ethics and Insider Trading Policy, which requires employees to report trades, holdings and seek pre-clearance if they seek to invest in any security which is held or traded in an investment advisory client account. Pre-clearance is also required for any employee investment in an initial public offering or private equity investment. Newgate will not allow any of its employees to buy or sell securities for their own accounts at or about the same time that we buy or sell securities for client accounts. If any employee wants to purchase or sell any security which is also purchased or sold for an investment advisory client account, the Newgate employee must wait seven trading days until such account is finished with its purchase or sale. Newgate employees are not allowed to make a short sale or trade any option of any security that Newgate owns in an investment advisory client account other than a security representing an interest in an exchange traded fund.

**Item 12: Brokerage Practices**

Newgate may select broker-dealers for clients based on various qualitative factors listed in its policies and procedures and any relevant quantitative factors, consistent with the policy of seeking best execution. (These factors include, but are not limited to: (i) the price of buys and sells, (ii) commission rates and whether certain broker-dealers add more value to Newgate portfolios over other broker-dealers (iii) and the quality of research provided by vendors and/or broker-dealers), consistent with the policy of seeking best prices and execution. In addition, Newgate may consider any client referrals that it may receive from a broker-dealer or third party in selecting or recommending broker-dealers for client transactions. Please see below in this Item 12 for a more detailed summary of these considerations.

Pursuant to our investment advisory agreement with our clients, Newgate may pay to broker-dealers who provide such brokerage and research services a commission for executing a portfolio transaction that is in excess of the amount of commission another broker-dealer would have charged for effecting that transaction. Newgate will determine in good faith whether such commission was reasonable in relation to the value of the brokerage and research services provided.

Newgate may receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"). Newgate may effect transactions with broker-dealers that pay for research services provided by third parties in accordance with Section 28(e) of the Securities Exchange Act of 1934. These products and services aid Newgate in fulfilling its investment decision-making responsibilities. Within its last fiscal year, Newgate has acquired the following types of products and services with client brokerage commissions:

- customized and noncustomized research reports and statistical services,
- security pricing and data services,
- subscriptions to research publications,
- seminars,
- data processing systems,
- portfolio management systems, and
- performance analysis.

Research products and services received by Newgate are expected to benefit Newgate's clients generally, but may not benefit each client in any particular instance. Newgate does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Newgate may bunch orders but not every account may participate in such commissions.

When Newgate uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. Newgate may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

In accordance with SEC requirements that investment advisors periodically and systematically evaluate the execution performance of broker-dealers, and realizing that price and commission rates are only two elements to best execution, Newgate has developed the following processes and procedures to assess broker-dealer performance. Newgate used these processes and procedures during its last fiscal year in determining whether to direct client transactions to a particular broker-dealer in return for soft dollar benefits.

Newgate has a Best Execution Committee with the purpose of discussing the qualitative factors listed in its policies and procedures and any relevant quantitative factors such as, but not limited to, (i) the price of buys and sells, (ii) commission rates and whether certain broker-dealers add more value to Newgate portfolios over other broker-dealers (iii) and the quality of research provided by vendors and/or broker-dealers. The Best Execution Committee includes at least one Managing Director and Portfolio Manager, the Chief Compliance Officer and a representative from Trading. Meetings are held biannually or when needed.

In addition, Newgate has an Approved Broker-Dealer List. The list is updated from time to time when the situation warrants. Any changes in the Approved Broker-Dealer List will be made based on the Best Execution criteria and the belief that broker-dealers are fulfilling that criterion.

As part of the Best Execution Committee's commission allocation review process, Trading and/or Portfolio Managers will comment on the following:

- The quality of the various broker-dealers which they believe gave the best service and execution.

- If a broker-dealer does not meet Trading and/or Portfolio Managers expectations, it is the responsibility of the affected group to attempt to remedy the situation through direct contact with that broker-dealer. If a situation cannot be remedied, it will be documented and the broker-dealer may be removed from the Approved Broker-Dealer List. Broker-dealers used for soft dollar purposes are held to the same standard as other broker-dealers.

From time to time, Trading may obtain information regarding the general level of commission rates being charged by the brokerage community. This is an informal process and may consist of published reports, anecdotal information obtained from broker-dealers and information obtained from other industry contacts. This information will be reviewed by Trading and any actions deemed appropriate as a result of the knowledge gained will be brought to the attention of the Best Execution Committee.

Newgate may have an incentive to select or recommend a broker-dealer based on our interest in receiving client referrals, rather than on our clients' interest in receiving most favorable execution. For example, when clients have given Newgate brokerage discretion and specific authorization, if more than one broker is believed to be capable of providing best price and execution, Newgate may select a broker in recognition of its referral of clients to the firm. In this case, however, the client does not pay higher brokerage commissions than those it pays brokers that do not make such referrals. During its last fiscal year, Newgate used the same processes and procedures for assessing broker-dealer performance summarized above (i.e., Best Execution Committee, Approved-Broker List, allocation review, etc.) in determining whether to direct client transactions to a particular broker-dealer in return for client referrals.

Clients are free to designate their own broker-dealer to execute transactions on their behalf. In doing so, clients should understand that they may pay higher commissions on some transactions and/or may receive less favorable execution of some transactions, than if Newgate had brokerage discretion. Also, clients that direct brokerage may not participate in "bunched" trades, as described below. Therefore, directing brokerage may cost clients more money than not doing so. If an advisory client does not designate a broker-dealer, Newgate will, to the extent possible, negotiate client commissions. When given brokerage discretion, in some transactions Newgate may be able to negotiate commissions based on the size of the transaction, the size or nature of the client's account, and/or based on aggregating securities trades with trades for other clients.

Newgate may simultaneously effect transactions in the same security for a number of client accounts. Orders for the same security are combined or "bunched" to facilitate best execution and to reduce costs. Accounts that are affiliated with Newgate may participate in bunched orders. Newgate executes bunched transactions in a manner designed to ensure that no client (including affiliated accounts) is favored over any other client. Generally, each client will receive the same average price as other participants in the bunched transaction. Securities in a bunched transaction are allocated pro-rata, when possible, in proportion to the size of the order placed for each account. Newgate may, however, increase or decrease the amount of securities allocated to each account, if necessary, to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if Newgate is not able to fully execute a bunched order, Newgate may allocate the partial execution in a manner determined in good faith to be a fair and equitable allocation. Trade rotation may be used with or in place of the pro-rata allocation described above, provided the rotation system results in fair access to trading opportunities for all accounts over time. Clients may pay more when we do not aggregate trades, as seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions and/or trade execution. A client's non-participation in bunched trades may result in lost opportunities to purchase securities for the client's account that other clients participating in bunched trades were able to take advantage of.

### **Item 13: Review of Accounts**

Account holdings and cash for separately managed accounts that participate in electronic feeds or provide custodian website access are reviewed and reconciled against custodian data. Accounts are also reviewed in terms of security, country and sector allocations when compared with targeted models, and outliers are adjusted.

The Chief Compliance Officer or designee reviews client account parameters and restrictions for separately managed accounts, including institutional accounts, before any trading is done for the account. Restrictions are entered into Newgate's trading system, or in the case of "wrap accounts" on the wrap sponsors trading system directly. They are monitored automatically on a daily basis to assure compliance. Reports are sent electronically at day's end to all the relevant professionals for monitoring and, if necessary, they are escalated to a Managing Director for resolution.

Newgate's Investment Committee meets regularly to review accounts generally to determine whether an account's investment strategy needs modification. Such reviews include securities, country weights and sector allocations. Members of the Investment Committee or other Newgate professionals review the accounts generally for performance on a daily basis if there are outliers in the performance composites. The daily performance of institutional accounts is also monitored closely.

At a minimum, each client receives on a quarterly basis written statements of account holdings, market value, performance and advisory fees. Additional information may also be provided to certain clients.

#### **Item 14: Client Referrals and Other Compensation**

Newgate may, from time to time, compensate independent sales and marketing representatives for referring advisory clients to Newgate. Such persons or firms receive cash fees out of a portion of Newgate's investment advisory fees paid by the referred client. Clients are not charged a higher investment advisory fee to compensate marketing representatives for client referrals. These independent representatives have no relationship with Newgate other than entering into a Marketing and Solicitation Agreement covering the solicitation of business on Newgate's behalf. Independent sales and marketing representatives must sign this Agreement acknowledging, among other things, their responsibility for registration requirements and regulatory compliance for themselves and their employees who solicit clients on behalf of Newgate. Marketing representatives deliver to each client or prospective client a current copy of Newgate's Form ADV Part 2A and a solicitor disclosure statement, known as a disclosure document, required by Rule 206(4)-3 promulgated under the Advisers Act, at such times as required by the Advisers Act. The disclosure document describes the terms of the solicitation arrangement between Newgate and the representative and contains certain required affirmative representations.

Newgate currently does not have any Marketing and Solicitation Agreements in effect.

Newgate receives proprietary and third-party research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended, from certain broker-dealers that execute securities trades for Newgate clients. Proprietary research generally includes access to conferences, analysis, forecasts, in-house research and market information, as described in Item 12 above. This type of research does not have an identifiable monetary value, and the specific eligibility conditions for proprietary research (other than using the broker-dealer's services) are not shared with Newgate. The use of soft dollars arguably confers an economic benefit on Newgate related to the advisory services that it provides to clients. As discussed in Item 12 above, conflicts of interest may arise from our use of soft dollars. See Item 12 above for additional information concerning soft dollars and the types of research and brokerage services that we may acquire with soft dollars. Newgate does not use soft dollars in connection with its provision of investment management services to clients participating in wrap programs and UMA programs described in item 4 (since most trades are executed under pre-established arrangements with a designated broker-dealer and, in cases of step-out trading, Newgate does not receive soft dollar benefits).

Newgate does not reasonably anticipate receiving any other non-monetary compensation associated with its provision of investment management services to clients generally. In this regard, Newgate has adopted gift and entertainment policies in accordance with applicable regulatory guidelines that are intended to manage the potential conflicts of interest or the appearance of such conflicts and to help employees make appropriate decisions that are consistent with the best interests of Newgate's clients. Newgate employees are not permitted to solicit gifts, and extravagant or excessive entertaining is also prohibited. There is no agreement or arrangement between Newgate and third parties regarding the provision of gifts, meals, or gratuities to Newgate's employees that is based on Newgate's service agreement or arrangement with any particular client, and any such gifts, meals and gratuities are not

received by Newgate employees by reason of their services to any particular client. Even if, under any reasonable method of allocation, the value of gifts and entertainment received by Newgate employees were attributable to a particular client, such gifts or entertainment very likely would be of insubstantial value.

#### **Item 15: Custody**

Generally, Newgate does not have custody of client funds or securities, except for those limited circumstances in which we deduct fees from a client's account. Clients select their own qualified custodians, such as banks or broker-dealers, to maintain client funds or securities. Clients receive monthly account statements directly from their custodians and/or from their custodian banks' accounting departments. Clients should carefully review those statements.

In addition, on a quarterly basis, Newgate will provide clients with a supplemental report of account holdings, market value, performance and advisory fees. When you receive account reports from us, we urge you to compare them to the account statements you received from your custodian and/or custodian bank accounting department. There may be differences in market values between our account statements and the custodian account statement for various reasons. For example, we accrue dividends and the custodian may not. Other differences may include: we and your custodian may use different pricing sources to value securities held in your portfolio; we and the custodian may generate account statements on different dates (such as on a trade date versus settlement date basis); we and your custodian may use different policies for handling certain assets or changes in the values of certain assets. To the extent you find such discrepancies and would like to obtain an explanation, we encourage you to call us to obtain such information.

#### **Item 16: Investment Discretion**

Newgate accepts discretionary authority to manage securities accounts on behalf of clients. Generally, clients will grant discretionary authority to Newgate to manage their securities accounts by executing an investment advisory agreement with Newgate that includes a power of attorney. Clients may designate proposed investment policies, limitations or restrictions as they deem appropriate, subject to acceptance by Newgate. For example, Newgate may restrict securities or sectors for a client with a social responsibility mandate. Clients typically do not place limitations outside the investment style mandate.

#### **Item 17: Voting Client Securities**

Under Newgate's Investment Advisory Agreement, clients authorize Newgate to exercise all voting rights with regard to assets held in the client's account in a manner consistent with any written limitations or instructions imposed by client and accepted by us. We have adopted guidelines for voting proxies that it believes are reasonably designed to cause Newgate to vote proxies in the best interest of its clients, after taking into consideration relevant facts and circumstances at the time of the vote, and in accordance with our fiduciary duties and applicable regulations. Any actual or apparent conflict of interest between the interests of Newgate and its clients will be resolved in a manner that best represents the financial interests of our clients. A client may make a specific request that we vote a proxy with respect to a particular security even if it is in a manner inconsistent with the applicable guidelines for the client's account. Clients who wish to make such a request must send a written request to Newgate sufficiently in advance of the applicable meeting giving rise to the vote. A client may obtain a copy of the proxy voting guidelines and a record of Newgate's proxy voting for such client by contacting Newgate.

#### **Item 18: Financial Information**

This item requires disclosure of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.





**NEWGATE**

CAPITAL MANAGEMENT LLC

ONE SOUND SHORE DRIVE, GREENWICH, CT 06830  
203-661-0700 • FAX: 203-661-4005 • [www.newgatecapital.com](http://www.newgatecapital.com)

## **PRIVACY POLICY NOTICE TO CLIENTS ABOUT FINANCIAL INFORMATION**

### **A. Your Privacy Is Important to Us**

Newgate Capital Management LLC is committed to maintaining the confidentiality, integrity and security of your personal information. We trust that our Privacy Policy will assure you of our commitment to keep your personal information confidential and secure.

### **B. Information We Have About You**

We collect nonpublic personal information about you from the following sources:

- you, from our Investment Advisory Agreement and other forms
- your financial consultant and
- your broker-dealer or custodian about your transactions with us or with others

### **C. Use and Protection of Information**

We use the information acquired solely for the purpose of providing investment advisory services to you. We take reasonable steps to keep confidential the information acquired. We restrict access to nonpublic personal information about you to those employees with a legitimate business need for the information. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

### **D. Disclosure of Nonpublic Personal Information**

Newgate does not disclose any nonpublic personal information about its clients or former clients to anyone, except for servicing and processing transactions, and as permitted by law.

### **E. Privacy Policy Updates**

As required by federal law, we will notify you of our privacy policy annually, as long as you maintain an ongoing relationship with us. The policy may change from time to time.



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## **PROXY VOTING POLICY**

In accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, this statement sets forth the proxy voting guidelines of Newgate Capital Management LLC ("Newgate").

### **I. Fiduciary Duty**

Newgate has a fiduciary duty to maximize investment returns for all clients, consistent with the investment objectives and policies specified for each portfolio style. In determining how to vote proxies for the securities held within the portfolios, Newgate's primary consideration is to maximize shareholder value.

### **II. Guidelines**

Newgate seeks to vote all proxies. The voting of proxies is done through a designated member of Newgate who votes proxy ballots. A client may make a specific request that Newgate vote a proxy with respect to a particular security even if it is in a manner inconsistent with the applicable guidelines for the client's account. Clients who wish to make such a request must send a written request to Newgate sufficiently in advance of the applicable meeting giving rise to the vote. The following guidelines are used for each of the following categories of issues:

#### **(a) Routine Proposals**

Routine proposals are those that do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals, proxies will most likely be voted with management. Traditionally, these issues include:

- Approval of auditors
- Election of directors
- Elimination of preemptive rights
- Indemnification provisions
- Liability limitations of directors
- Name changes

#### **(b) Non-Routine Proposals**

Issues in this category are more likely to affect the structure and operations of the corporation and therefore will have a greater impact on the value of a shareholder's investment. Each issue will be reviewed on a case-by-case basis. Any voting decision will be made based on the financial interest of our clients. Non-routine matters include:

- Mergers and acquisitions
- Restructuring
- Shareholder proposals opposed by management

- Re-incorporation
- Changes in capitalization
- Increase in number of directors
- Increase in preferred stock
- Increase in common stock
- Stock option plans

**(c) Corporate Governance Proposals**

Any proposal that clearly has the effect of restricting the ability of shareholders to realize the full potential value of their investment will generally be voted against. Proposals in this category would include:

- Poison pills
- Golden parachutes
- Greenmail
- Supermajority voting
- Dual class voting
- Classified boards

**(d) Shareholder Proposals**

Proposals submitted by shareholders for vote usually include issues of corporate governance and other non-routine matters. Each issue will be reviewed on a case-by-case basis in order to determine the position that best represents the financial interest of clients. Shareholder matters include:

- Annual election of directors
- Anti-poison pill
- Anti-greenmail
- Confidential voting
- Cumulative voting

**III. Conflicts of Interest**

Newgate does not have any affiliated broker-dealers, underwriters or other associated entity. Any future actual or potential conflicts of interest will be addressed in such a manner that best represents the financial interests of clients.

**IV. Securities Lending and Proxy Voting**

Newgate may engage in securities lending when it appoints an agent to lend certain securities to a borrower against a pledge of collateral. Newgate may not vote proxies for routine proposals while the securities are on loan; however, it reserves the right to recall any securities on loan for proxy voting on non-routine proposals. Newgate will seek to balance the economic benefits of engaging in securities lending against the inability to vote on proxy proposals to determine whether to recall shares.

**V. Review of Policy**

Managing Director(s) and the Chief Compliance Officer shall review and amend the policies and procedures as is deemed necessary from time to time. Clients may contact Newgate to obtain information about how Newgate voted with respect to their securities. If any client is interested please contact the Chief Compliance Officer.