Investment Advisor Compliance Manual and Written Supervised Procedures

Effective Date: December 20, 2024

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This Investment Advisor Compliance Manual and Written Supervised Procedures is the property of HighPoint Advisor Group, LLC and its contents are confidential and may not be distributed without the prior approval of the Chief Compliance Officer.

Using this Manual

Each Supervised Person of HighPoint Advisor Group, LLC must read and understand this Investment Advisor Compliance Manual and Written Supervised Procedures and comply with all of the policies and procedures herein.

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1. Overview

A. The Compliance Program

HighPoint Advisor Group, LLC (herein "HPAG" or the "Advisor") is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC") and is subject to applicable federal securities laws under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and other applicable state and federal regulations (collectively "Securities Laws").

The Advisor must, among other things, adopt and implement written policies and procedures reasonably designed to prevent violations of Securities Laws. This Investment Advisor Compliance Manual and Written Supervised Procedures document (the "Compliance Manual") sets forth the Advisor's policies and procedures for complying with Securities Laws, and together with the related policies and procedures in the Privacy Policy, Code of Ethics, Business Continuity Plan, and Cybersecurity Policy form the Advisor's Compliance Program ("Compliance Program").

This Compliance Program is designed to discuss the Advisor's fiduciary duty to its clients ("Clients"), the role of the Chief Compliance Officer ("CCO"), any owners, employees, independent contractors and other insiders of other Advisor ("Supervised Persons"), and Supervised Persons responsible for advisory activities, including giving advice or soliciting Clients ("Advisory Persons"), the use and enforcement of the Compliance Program, the Advisor's process for addressing complaints regarding its Compliance Program, Client management policies and business activities, portfolio management and trading practices and adherence to Client communication standards, and regulatory filings.

Amendments

The CCO will amend, modify, suspend, or terminate any policy or procedure contained in the Compliance Program documents, as well as adding any policies as necessary. The Advisor will endeavor to promptly inform Supervised Persons of any relevant changes and provide each Supervised Person with the respective updated Compliance Program document.

AdvisorCloud360®

Throughout the Compliance Program, there will be action items that the CCO and/or Supervised Persons are required to address along with various resource tools. The action items and resource tools are captured within AdvisorCloud360®.

Receipt and Acknowledgement

The Compliance Program documents are provided to each Supervised Person upon hire and annually thereafter. They will also be distributed on an ad hoc basis if there are any material amendments. Electronic copies are posted and stored internally in a location that is accessible by all Supervised Persons. All Supervised Persons must review each Compliance Program document and sign an acknowledgment that they have read, understood, and will abide by the Compliance Program.

PLEASE NOTE: See AdvisorCloud360® for Key Definitions of terms utilized throughout the Compliance Program and for applicable Rule References.

B. Role of the Chief Compliance Officer

The CCO of the Advisor is Michelle Juras. The CCO administers the Advisor's overall Compliance Program.

Accuracy of the Compliance Program

The CCO is responsible for ensuring that the Compliance Program is, at all times, accurate in its reflections of the Advisor's business practices and any applicable Securities Laws and for distributing the most current Compliance Program to Supervised Persons.

Training Supervised Persons

The CCO is responsible for ensuring that Supervised Persons receive initial training and undertake any necessary continuing education to understand and meet applicable requirements of the Compliance Program. The CCO or Delegate will arrange to meet (in person or by phone) with each new Supervised Person. At that time, the CCO will discuss with the new Supervised Person the Advisor's compliance requirements and specifically highlight those

policies and procedures that relate to the Supervised Person's area of responsibility. At least annually, the CCO will also arrange a meeting with all Supervised Persons to discuss any additional or modified policies and procedures..

Forensic Testing and Risk Assessments

The CCO is also responsible for performing an annual review of the Compliance Program to determine the adequacy and the effectiveness of the program. Each of the CCO Testing items will indicate the testing action item required of the CCO. The CCO or Delegate documents all CCO Testing findings as it relates to the various functions of the Compliance Program. The CCO Testing serves as the source of the CCO's annual review ("Annual CCO Report") of the Compliance Program. The review addresses the following:

- The dates during which the annual review was conducted.
- The steps taken during the review.
- Any changes made to the Compliance Program as a result of the review such as business activities of the Advisor.
- Any changes to Securities Laws that might suggest a need to revise the Compliance Program.
- Any compliance matters that occurred during the year.

Delegation

The CCO may delegate a portion of their responsibilities to appropriate designees ("Delegate[s]") as long as the CCO remains primarily responsible for Compliance Program oversight and administration. Additionally, in the event that the CCO will be absent from the office, he or she will notify Supervised Persons of an appropriate Delegate to fulfill the CCO's responsibilities.

C. Fiduciary Duty

As a fiduciary, it is the Advisor's responsibility to act in the best interest of its Clients at all times. The Advisor will not place its own interests ahead of its Clients' interests. The Advisor's fiduciary duty represents the core of the Advisor's Compliance Program.

Specific obligations associated with the Advisor include:

- Having a reasonable, independent basis for investment advice.
- Obtaining best execution when implementing any Client's transactions where an Advisory Person has the ability to direct brokerage transactions for the Client.
- Ensuring that investment advice is suited to each individual Client's objectives, needs, and personal circumstances.
- Maintaining the confidentiality of Client information.
- Exercising reasonable care to avoid misleading Clients.
- Making full and fair disclosure to the Client of all material facts and when a conflict of interest or potential conflict of interest exists.
- Placing Client interests first and always acting in good faith.

In addition, it is unlawful for the Advisor:

- To employ any device, scheme, or artifice to defraud a Client or prospective client.
- To engage in any transaction, practice, or course of business which defrauds or deceives a Client or prospective client.
- To knowingly sell any security to, or purchase any security, from a Client when acting as a principal for his or her own account, or knowingly execute a purchase or sale of a security for a Client's account when also acting as a broker for the person on the other side of the transaction, without disclosing to the Client in writing before the completion of the transaction the capacity in which the Advisor is acting and obtaining the Client's consent to the transaction.
- To engage in fraudulent, deceptive, or manipulative practices.

D. Regulatory Inquiries

Because the Advisor operates in a highly regulated industry, the Advisor may receive inquiries and exam requests from regulators. If a Supervised Person is contacted by a regulator, whether by telephone, letter, or office visit, he or she may not, under any circumstances, engage in discussions with the contacting party, or take any other action in response to such contact, other than (i) advising the contacting party that all Supervised Persons are under instructions to refer all such inquiries to the CCO and (ii) promptly notifying the CCO.

If interviewed as part of an inquiry or exam, all Supervised Persons should treat the regulators with courtesy and respond fully, promptly, and honestly to all requests and questions. If a Supervised Person has a question as to the propriety of a request or question, the Supervised Person may respond by politely stating that the Supervised Person will consult with the CCO before providing the information.

Regulators will typically provide feedback on an exam in the form of a deficiency letter. Deficiency letters point out minor violations or perceived weaknesses in an advisor's compliance controls. Regulators typically request a response to a deficiency letter, including a description of remedial actions taken by the Advisor, within thirty (30) days from the date of the letter. The CCO is responsible for coordinating the Advisor's response. In the unlikely event that a compliance inquiry or exam leads to an enforcement referral, the CCO will contact outside counsel immediately.

2. Supervision and Compliance Oversight

A. Supervisory Functions

The Advisor is required to reasonably supervise Supervised Persons with a view to preventing violations of Securities Laws. In meeting this requirement, the Advisor and its Supervised Persons will not be deemed to have failed reasonably to supervise any person, provided that:

- The Advisor has established procedures, and a system for applying the procedures, which would reasonably be expected to prevent and detect, insofar as practicable, any such violation by a person subject to the Advisor's supervision.
- The Advisor and any Supervised Person acting in a supervisory capacity has reasonably discharged the duties and obligations incumbent upon the Advisor or supervisor and has no reasonable cause to believe that there is no non-compliance with the supervisory procedures and system.

The Compliance Program is intended to establish a system for preventing and detecting, insofar as practicable, violations of Securities Laws by Supervised Persons. The Advisor expects each Supervised Person acting in a supervisory capacity to oversee any other Supervised Person under their supervision in a manner consistent with the policies and procedures contained in the Compliance Program.

Branch Office Supervision
Special care must be taken to ensure that advisors with multiple offices also have in place practices to ensure compliance oversight in each branch office.

To ensure that only appropriate and compliant activities are occurring within each branch office, the CCO or Delegate must undertake to understand that:

- There is an appropriate supervision structure in place within each branch office and that Supervised Persons are aware of responsibilities pertaining to both their individual responsibilities and any supervisory responsibilities.
- Supervised Persons in each branch office receive adequate compliance training and complete any and all certifications/reporting.

PLEASE NOTE: The CCO or Delegate must have remote access to any and all documents related to the management of the Compliance Program and conduct a review of branch office locations on an at least annual basis.

B. Hiring Supervised Persons

Initial Due Diligence
Prior to any new Supervised Person joining the Advisor, the CCO will conduct reasonable due diligence to review the background of the individual and determine if they have been the subject of any legal, financial and disciplinary history and whether the individual is a good fit for the Advisor.

Due diligence may include reviews of the following:

- background checks (e.g., confirming employment histories, disciplinary records, financial background, and credit information);

- conducting internet and social media searches; including a review of BrokerCheck (https://brokercheck.finra.org) or the Investment Adviser Public Disclosure website ("IAPD" – https://adviserinfo.sec.gov);
- requesting copies of their Form U5 from their prior employer, if applicable;
- utilizing third parties to research potential new hires;
- contacting personal references, and/or
- verifying educational claims.

If the individual has been subject to any legal, regulatory or financial events, the CCO will ensure that the individual remains a good fit for the Advisor and ensure that any events are adequately disclosed. Should the Advisor move forward with the new hire, the CCO will make a determination as to whether or not that individual requires heightened supervision.

Ongoing Due Diligence
For existing Supervised Persons the CCO considers a number of factors in determining whether an existing Supervised Persons needs to be placed on heightened supervision. These factors may include but are not limited to:

- new disclosures;
- patterns of violating firm policies and procedures;
- ongoing background reviews; and/or
- annual background attestations.

Heightened Supervision
Whether or not to impose heightened supervision is at the sole discretion of the CCO. If the CCO determines that heightened supervision is warranted the CCO will create a plan ("Heightened Supervision Plan") based on the nature of the event[s] CCO's should pay particular attention to patterns or the significance of a single event when deciding whether or not to place an individual on heightened supervision.

When developing the specific Heightened Supervision Plan the CCO will document the following items:

- The background regarding why the individual is being placed on heightened supervision.
- The duration of heightened supervision e.g., 1 year, 2 years.
- The specific supervisory procedures that will take place during the defined heightened supervision period. (e.g., increased review of email, increased review of trading activity, financial record review)
- That the individual being placed on heightened supervision attests to the plan by signing off on the conditions.

C. Supervised Persons Sanction Policy

A number of factors must be considered when a Supervised Person breaches the Advisor's Compliance Program. The below is meant to apply to inadvertent violations. Any violations of the Compliance Program that are determined to be intentional and/or planned requires immediate action, up to and including termination of employment.

Areas to consider for each violation include:

- **Type of violation** (i.e., forgetting to disclose a covered account, not completing required certifications, or not making required disclosures)
- **Position of employee/seniority at the firm/tenure in the industry** (i.e., more senior personnel should be leaders and examples to all Supervised Persons and should be receiving the most training as leaders of the firm; a more junior Supervised Person who has never worked in the industry may not have the knowledge to make appropriate decisions)

First Violation:
A Supervised Person's first violation will cause the following to happen:

- Meeting with the CCO (or designee) and the Supervised Person to determine the cause of the violation.
- Documentation as to facts, circumstances, and remediation.
- Retraining/recertification of the Compliance Program as appropriate.

- The Supervised Person will be given one (1) week to comply, after which access to the Advisor's systems may be restricted.

Second Violation:
A Supervised Person's second violation in the same area, within twelve (12) months of the first violation, will cause the following to happen:

- Meeting with the CCO (or Delegate), Supervised Person's manager, and the Supervised Person to determine the cause of the second violation.
- Documentation in the Supervised Person's HR file and consideration that the Supervised Person be put on performance warning.
- Documentation as to facts, circumstances, and remediation.
- Retraining/recertification of the Compliance Program as appropriate.
- The Supervised Person will be given one (1) week to comply, after which access to the Advisor's systems may be restricted.

Third Violation:
A Supervised Person's third violation in the same area, within twelve (12) months of the first two (2) violations, will cause the following to happen:

- Meeting with the CCO (or Delegate), management team (as applicable), and the Supervised Person to determine the cause of the third violation.
- Documentation as to facts, circumstances, and remediation.
- Documentation in the Supervised Person's HR file and consideration that the Supervised Person be suspended pending further investigation.
- Retraining/recertification of the Compliance Program as appropriate.
- The Supervised Person will be given one (1) week to comply, after which access to the Advisor's systems may be restricted.
- If upon further investigation the violation is material, the CCO (or Delegate) and management team (as applicable) may determine the most appropriate course of action is either:
    - Termination of the Supervised Person.
    - Monetary sanction not to exceed ten (10) percent of the Supervised Person's gross monthly salary
- If the violation is of the personal trading policy, suspension of personal trading privileges may be imposed at the discretion of the CCO (or Delegate).

Further Violations:
Further violations within a twelve (12) month period, shows a lack of commitment by the Supervised Person to uphold their responsibilities to the firm. The following actions should occur:

- Meeting with the CCO (or designee), management team (as applicable), and the Supervised Person to determine the cause of the third violation.
- Documentation as to facts, circumstances, and remediation.
- Documentation in the Supervised Person's HR file and consideration that the Supervised Person be suspended pending further investigation.
- Retraining/recertification of the Code or Policy as appropriate.
- The Supervised Person will be given one (1) week to comply, after which access to the Advisor's systems may be restricted.
- If upon further investigation the violation is material, the CCO (or Delegate), management team (as applicable) may determine the most appropriate course of action is either:
    - Termination of the Supervised Person.
    - Monetary sanction not to exceed ten (10) percent of the Supervised Person's gross monthly salary
- If the violation is of the personal trading policy, suspension of personal trading privileges may be imposed at the discretion of the CCO (or Delegate).

PLEASE NOTE: The twelve (12) month period is meant as a guideline. If a Supervised Person has a violation in the same area 13 months after their first violation, it should be considered and noted, but would not necessarily necessitate a second violation as listed above.

D. Code of Ethics

The Advisor has adopted a Code of Ethics (the "Code") as a separate policy and procedure document. The Code establishes the standard of business conduct that all Supervised Persons must follow and also addresses potential conflicts of interest and disclosure requirements surrounding:

- Insider trading and material nonpublic information.
- Confidentiality of nonpublic information.
- Outside Business Activities ("OBAs") of Supervised Persons.
- Gifts and entertainment given or received by the Advisor and/or its Supervised Persons.
- Political contributions to politically connected individuals and/or government entities.
- Personal securities trading of Supervised Persons with Access to Nonpublic Information regarding the purchase or sale of securities for Clients ("Access Persons").
- Receipt and acknowledgment of adherence to the Code.

CCO Testing: The CCO or Delegate conducts a quarterly review of personal securities trading and documents the findings within the Advisor's books and records. The CCO or Delegate is also responsible for reviewing outside business activities, political contributions, and gifts and entertainment.

PLEASE NOTE: See AdvisorCloud360® for the Outside Business Activity, Gifts and Entertainment, and Political Contributions Logs.

E. Insider Trading and Material Non-Public Information

The Insider Trading and Securities Fraud Enforcement Act of 1988 and securities laws requires advisors to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of Material Non-Public Information ("MNPI") by advisors and its Supervised Persons. Frequent litigation in the area of insider trading continues to shape the definitions of what is inside information and what constitutes appropriate handling of such information.

PLEASE NOTE: As referenced within the Code, it is the Advisor's policy that all Supervised Persons are prohibited from acting upon, misusing or disclosing any MNPI, also known as inside information. Any instances of, or questions regarding possible MNPI inside information must be brought to the CCO or Delegate's attention immediately brought to the attention of the CCO or Delegate. Any violations of the Advisor's policy may result in disciplinary action and/or termination.

<u>General Prohibition</u>

In order to prevent even inadvertent violations of the ban on insider trading, all of the Advisor's Supervised Persons must adhere to the following guidelines;

- All information about the Advisor's Clients, including but not limited to the value of accounts; securities bought, sold or held; current or proposed business plans; acquisition targets; confidential financial reports or projections; borrowings, etc. must be held in strictest confidence.
- When obtaining material information about an issuer from insiders, determine whether the information learned has already been disseminated through "public" channels.
- In discussions with any third parties, it also may be appropriate to determine whether the information obtained from the third-party has been publicly disseminated.
- If any Supervised Person determines that they have learned MNPI or market information, notify the CCO or Delegate of this fact immediately and refrain from disclosing this information to anyone else (in or outside of the Advisor), unless specifically advised to the contrary. In this case, neither the Advisor nor its Supervised Persons may transact in the securities of the subject issuer, either for themselves or for any Client, until such information has been publicly disseminated.
- On an annual basis and otherwise as requested by the CCO or Delegate, disclose complete information about all securities transactions in which you or members of your immediate family engage, and must otherwise comply with the Advisor's Code and disclose any related person who is an officer or director of a publicly traded company.

Compliance Administration

In order to help prevent insider trading from occurring, the CCO or Delegate shall:

- Design an appropriate educational program and provide educational materials to familiarize Supervised Persons with the Advisor's policy, both of which are addressed through ongoing training of Supervised Persons.
- Answer questions and inquiries regarding the Advisor's policy, provide guidance to Supervised Persons on any possible trading situation or question, and resolve issues as to whether information received by a Supervised Person constitutes MNPI.
- Review the Advisor's policy and procedures on a regular basis and update it as necessary to reflect regulatory and industry changes.
- Review and document on a quarterly basis all Access Persons' reports of personal securities transactions for compliance with the Advisor's policies, regulatory requirements and the Advisor's fiduciary duty to its clients, among other things.

Instances of the Possible Possession of Inside Information

If a Supervised Person suspects that they, or the Advisor, has been given or come across MNPI, they must immediately report such circumstances to the CCO or Delegate, who will contact legal counsel, if applicable, and refrain from disclosing the information to anyone else, unless specifically advised to the contrary. If they are not sure whether the information meets the definition of MNPI, they are responsible for reporting the information to the CCO or Delegate, who will make such determination.

Upon determination that a Supervised Person has possession of MNPI, the CCO or Delegate shall implement measures to prevent dissemination of such information and monitor Client and Access Person trades related to securities regarding the information for unusual activity. If any activity is detected that may indicate improper use of MNPI, the CCO or Delegate shall conduct an additional review, take further action as deemed appropriate under the circumstances and document the instance within the Advisor's books and records.

Possession of Inside Information

A Supervised Person of the Advisor will contact the CCO or Delegate if they become aware of an actual or potential insider trading violation or violation of the policies and procedures.

Insider Trading Examples

While securities laws concerning insider trading is evolving, it is generally understood that securities laws prohibit: (a) trading by an insider on the basis of MNPI; (b) trading by a non-insider also called a "temporary insider" on the basis of MNPI, where the information was either disclosed to the non-insider in violation of an insider's duty to keep the information confidential or was misappropriated; and (c) communicating MNPI to others.

It is Impossible for the Advisor to catalog every example of when it may come into possession of MNPI. The following examples are not all-inclusive:

- A pending or proposed merger, acquisition or tender offer involving a publicly held corporation.
- A change in management involving a publicly held corporation.
- Impending bankruptcy or the existence of severe liquidity problems involving a publicly held corporation.
- A contemplated public offering involving a privately held corporation, prior to the filing of the registration statement (preliminary prospectus).

Investment Information Relating to Clients is Inside Information

In the course of employment, Supervised Persons may learn about the current or pending investment activities of the Advisor's Clients (e.g., actual or pending purchases or sales of assets). Using or sharing this information other than in connection with the investment of the Advisor's Client accounts is considered acting on inside information and is therefore prohibited. In addition, personal securities transactions of Access Persons must not be timed to precede orders placed for any Client accounts, which could be considered as "front-running" or insider trading.

F. Conflicts of Interest

In order for the Advisor to ensure that Clients' interests come before those of the Advisor and its Supervised Persons, any actual or perceived conflicts of interest must be identified, evaluated, managed, and disclosed. The Advisor is not permitted to mislead or engage in deceptive conduct and must, in all instances, act in the best interests of its Clients. Managing the Advisor's conflicts of interest minimizes the potential adverse impact of

conflicts of interest on Clients, as well as promoting Client protection and maintaining the Advisor's reputation and integrity. Disclosure of material conflicts is necessary so that any Client can make an informed decision as to whether to enter into or continue an advisory relationship or whether to take some action to protect themselves against the particular conflict of interest involved.

PLEASE NOTE: The Advisor will maintain a log and along with supporting documentation of all conflicts of interest that exist. See AdvisorCloud360® for the Conflicts of Interest Log.

G. Consequences of Non-Compliance

If a Supervised Person fails to comply with the requirements of the Compliance Program and any Securities Laws applicable to the Advisor's business, he or she will be subject to disciplinary action by the Advisor, which may range from a letter of reprimand to termination of employment. Any non-compliance or violations of law may also result in severe civil and criminal penalties.

The Advisor reserves the right to take disciplinary action, including termination of employment, against any Supervised Person if they engage in conduct deemed to be immoral, unethical, or illegal, whether or not such conduct constitutes a violation of the Compliance Program or relates to the Advisor's business. The Advisor may take such action if the Advisor believes that a Supervised Person's conduct poses any risk to the reputation or business of the Advisor.

Finally, a Supervised Person must report to the CCO any known or suspected violations of the policies and procedures contained in the Compliance Program or other activities of any Supervised Person that could be construed as a violation of Securities Laws, including the policies described in the Advisor's Compliance Program. If a Supervised Person is unsure whether a violation has occurred, the incident should be discussed with the CCO. Failure to report a violation to the CCO could result in disciplinary action against any non-reporting Supervised Person, which may include termination of employment.

PLEASE NOTE: The Advisor will maintain a log along with relevant supporting documentation of any violations to the Compliance Program. See AdvisorCloud360® for the Violations Log.

H. Whistleblower Policy

The Advisor has adopted a "Whistleblower Policy" to establish procedures for the receipt, review, and retention of complaints relating to violations of Securities Laws or any other provision of law, rule, order, standard, or prohibition prescribed by a securities authority. While the Advisor does not encourage frivolous complaints, the Advisor does expect its Supervised Persons to report any suspected violations of Securities Laws, including the policies described in the Advisor's Compliance Program.

Reporting Persons Protected
Complaints reported in good faith will not be subject to any retaliation.

Scope of Complaints
Supervised Persons and external vendors, consultants, etc. are all encouraged to report all suspected wrongdoings.

Confidentiality of Complaints
All complaints submitted by Supervised Persons that are reported in good faith will be kept confidential and privileged to the fullest extent permitted by law.

Submitting Complaints
Complaints must be submitted in writing, by submitting an anonymous concern form, addressed to the CCO. Persons submitting complaints may request to discuss the complaint with the CCO.

PLEASE NOTE: Click Here for the Anonymous Concern Form.

In addition to directly reaching out to the CCO, Supervised Persons and external vendors, consultants, etc. may also call the SEC's Office of the Whistleblower at (202) 551-4790 to log a complaint. External vendors, consultants, etc. are not permitted to submit complaints anonymously.

Investigation of Complaints
The CCO will confirm the complaint pertains to a violation by investigating the complaint promptly and documenting the results.

Retention of Complaints
The CCO will keep records of all submitted complaints and the results of the corresponding investigations.

Unsubstantiated Allegations
If the investigation of the complaint submitted in good faith finds no violation, the reporting individual will not be subject to retaliation.

Reporting and Annual Review
The CCO will include all complaints and any remedial actions taken in the Annual CCO Report.

I. Business Continuity Plan

The Business Continuity Plan (the "BCP") is a separate policy and procedure document of the Advisor's Compliance Program. The Advisor recognizes the importance of ensuring continuity of operations in the event of an interruption of services that may result from terrorism, natural disaster, or otherwise. As a result, the Advisor has adopted the BCP to enable the continuation of operations and access to necessary information within a reasonable period of time. The Advisor has addressed the following important concepts in well-defined terms within the BCP:

- Business interruption scenarios;
- Critical business functions;
- Alternate work sites, data backup, and restoration;
- Key person risk and succession planning; and
- Receipt and acknowledgment of adherence to the BCP

CCO Testing: The CCO or Delegate conducts an at least annual test of the Advisor's business continuity plan and documents the findings within the Advisor's books and records.

J. Operational Errors

It is the Advisor's responsibility to ensure appropriate and accurate management of Client relationships. An "operational error" is generally any error resulting in a relationship risk or loss resulting from inadequate or failed internal processes, actions of Supervised Persons and/or system issues.

This includes all aspects of the Advisor's operations, including, but not limited to:

- An error with Client billing and/or fee calculations.
- Inaccurate security and/or portfolio valuations.
- Failure to properly execute an agreement.
- Inaccurate use of standard agreement templates.
- Improper classification of Client types.
- Transposed language in Client communications.

PLEASE NOTE: The Advisor will determine the cause of each operational error, the impact (if any) on the Client, steps to rectify the error, and a strategy to ensure that the error does not happen again. The Advisor maintains a log of all operational errors along with any relevant and supporting documentation such as communications with the Client and steps taken to remediate the issue. See AdvisorCloud360® for the Operational Error Log.

K. Books and Records

The Advisor is required to make and keep certain books and records relating to its business-to-document aspects of compliance and supervision of the Advisor's Compliance Program. This includes, but is not limited to, financial and accounting records, Client account information, advertisements, and etc. The Advisor enforces the following requirements with regard to recordkeeping and communication:

- Financial statements and all books and records on which they are based must reflect all applicable transactions accurately and on a timely basis.
- All disbursements of funds and all receipts must be properly and promptly recorded.

- No false or artificial statements or entries may be made for any purpose within the Advisor's books and records or in any internal or external correspondence, memoranda, or communication of any type, including telephone, wire, or electronic communications.
- Retention of information and data must be timely and free from unauthorized alteration or use in accordance with legal requirements and operational policies and procedures.
- Falsification of business documentation, whether it results in personal gain or not, is never permissible.

- Transaction Records - All trade allocations, trade affirmations, and trade confirmations must be properly and promptly maintained, as applicable.
    - Transaction Confirmations – Any document and/or communication received confirming the execution of a transaction. Transaction information should include date and timestamp of the transaction, number of shares and price per share.Trade Allocation / Affirmation – Any trade allocation or trade affirmation sent or received must be maintained, including a timestamp of when the trade affirmation or allocation was sent or received.

The Advisor's required books and records generally must be maintained for a period of five (5) years from the end of the fiscal year in which the last entry was made on the record. They must be maintained for the first two (2) years at an appropriate office of the Advisor. For the remaining period, they may be maintained in an easily accessible place, which can include an off-site location or a third-party storage provider. Notwithstanding the time frames established by Securities Laws, the Advisor may be required to maintain records for a longer period of time if there is a "pending legal matter."

Regulators have the authority to examine all books and records held by the Advisor. Thus, during a regulatory exam, the Advisor is expected to produce any requested records that are maintained – either in hard copy or electronic format.

CCO Testing: The CCO or Delegate conducts an at least annual review of the Advisor's document retention capability and documents the findings within the Advisor's books and records.

PLEASE NOTE: The CCO will have overall responsibility for ensuring that all required books and records are identified and properly maintained. Any question as to whether a particular document must be maintained by the Advisor should be directed to the CCO. See AdvisorCloud360® for the Books and Records Matrix.

L. Financial Statements

The Advisor shall maintain true and accurate financial records at all times. Financial records shall be maintained pursuant to Rule 204-2 (the "Books and Records Rule") as noted above. Financial records shall be reconciled throughout the year (generally quarterly) and maintained in appropriate form or technology to enable the CCO to monitor the financial health of the Advisor.

The Advisor shall annually produce a balance sheet, income statement and general ledger, pursuant to Generally Accepted Accounting Principles ("GAAP").

CCO Testing: The CCO or Delegate shall review financial records and statements at least annually] to ensure the continued health and viability of the Advisor. It is the CCO's responsibility to ensure any financial situation that may impair the Advisor's ability to perform its duties and meet its obligations to Clients be immediately addressed and corrective action taken. If the Advisor finds itself in a precarious financial position, whereby it may not be able to meet such obligations, the Advisor must amend its Form ADV 2A, Item 18 disclosures accordingly.

3. Client Relationship Management

A. Client Onboarding

Building relationships with Clients is an important part of the Client onboarding process. Setting expectations for services and communications help drive Client satisfaction and lays the foundation for a successful relationship. As soon as the Advisor is notified of a new Client, the Advisor will review the opportunity and plan for the take on of the business. All new Client relationships follow established procedures to ensure that required documents are provided to the Client and adequate Client information and documents are received, reviewed for accuracy and completeness, and saved before funds are transferred.

The Advisor will take the following action steps with each new Client:

Initial Form ADV Delivery Requirements
Prior to, or at the time of entering into an agreement, the Advisor delivers to the Client the most current version of Form ADV Part 2A ("Disclosure Brochure"), Form ADV Part 2B ("Brochure Supplement[s]"), and Form ADV Part 3 ("Form CRS" or "Client Relationship Summary"). The Disclosure Brochure, Brochure Supplement[s], and Client Relationship Summary are collectively referred to as the "Disclosure Documents". If all Disclosure Documents are delivered together, the Client Relationship Summary must be presented as the first document to the Client.

PLEASE NOTE: The Disclosure Brochure and Brochure Supplement[s] are required to be delivered to all Clients. The Client Relationship Summary is only required to be delivered to retail investors. The Client Relationship Summary defines a "retail investor" as "a natural person or legal representative of such natural person, who seeks to receive or receives services primarily for personal, family, or household purposes." All natural persons, regardless of net worth or sophistication, are included in the definition of "retail investor," and that the Client Relationship Summary must be provided to a retail investor who invests for personal, family, or household purposes. It applies when retail investors seek services as to retirement accounts, including IRAs and accounts in workplace retirement plans, such as 401(k) plans, and other tax-favored retirement plans.

The Advisor delivers these Disclosure Documents to Clients in an acceptable format that is easily accessible and readable (i.e., searchable PDF format). Electronic versions of the Disclosure Brochure, Brochure Supplement[s] and Client Relationship Summary can be delivered by email. For Clients that do not have an established email address for Advisor communications, a paper version must be mailed to the Client's mailing address. Delivery must be made without charge to the Client. Upon request, a hard copy must be sent by regular, first-class mail or overnight carrier, or hand delivered as requested.

PLEASE NOTE: If any Disclosure Document is delivered electronically, it will be presented prominently in the electronic medium, for example, as a direct link or in the body of an email or message, and will be easily accessible for retail investors.

Prior to, or at the time of entering into an Advisory Agreement (as defined below), the Advisor is required to deliver to the Client the most current version of the Disclosure Documents (Form ADV 2A – Disclosure Brochure, Appendix 1 – Wrap Fee Program Brochure, Form ADV 3 – Client Relationship Summary and each applicable Form ADV Part 2B – Brochure Supplement

Privacy Policy Delivery
Prior to, or at the time of entering into an agreement, the Advisor delivers to the Client the Privacy Policy. The Advisor understands that Clients have entrusted the Advisor with their private information, and the Advisor will do everything to maintain that trust. The Advisor protects the security and confidentiality of the personal Client information. The Advisor implements controls to ensure that such information is used for proper business purposes in connection with the management and servicing of the Client relationship.

Advisory Agreement
The Advisor requires a written advisory agreement for all Clients (the "Advisory Agreement"). Advisory services will not be offered or provided unless an Advisory Agreement is executed by both the Client and the Advisor and an executed copy delivered to the Client. Advisory Agreements provide the Advisor and the Client with a legal document stating the expectations of both parties for the engagement. Critical areas of the document include, but are not limited to, a definition of services to be provided to the Client, an explanation and listing of advisory fees to be charged to the Client, additional parties that may be involved in the relationship (i.e. custodian or broker/dealer), and an acknowledgment of the delivery and receipt of the Advisor's Disclosure Brochure, Wrap Fee program Brochure (if applicable), Brochure Supplement[s], Client Relationship Summary, and Privacy Policy.

Obtaining Client Suitability
The Advisor has a fiduciary duty to provide suitable investment advice to each Client. As a general policy, the Advisor is responsible for making reasonable inquiries into and assessments of each Client's investment objectives, financial situation, investment experience, tolerance for risk, and any other material information. Based on the information, the Advisor will determine whether the proposed investment advice rendered to the Client is suitable.

The Advisor must internally document the investment objectives and goals of the Client. The Advisor may request information/documents from the Client to assist in determining suitability. The Advisor will prepare and place in the Client's file a memorandum identifying any information requested, but not provided by the Client, as well as the person from whom such information was requested and the reason why the Client did not provide the information. The Advisor must obtain in writing, any restrictions as it relates to the management of Client investments. The Advisor will instruct its Clients to contact the Advisor any time their financial situation or personal/company information changes.

Internal Documentation
It is the Advisor's policy to document and maintain all items related to the Client onboarding process within the Client's file. The Client will be set-up in the Advisor's system[s] for portfolio management, accounting, suitability monitoring, and billing purposes.

Account Opening and Transfer of Assets
The Advisor will ensure receipt of all required account opening documents and review them for accuracy and completeness and will then add them to the Client's file. The Advisor will forward account paperwork to the broker-dealer/custodian ("Custodian") for processing. If there are any issues with incomplete information or there are any concerns, the Client will be contacted for clarification. Account opening paperwork is maintained in the Advisor's books and records and is also viewable on the Custodian's platform.

B. Ongoing Client Management

The Advisor has a fiduciary duty to provide ongoing Client management through the following:

Maintaining Suitability
The Advisor contacts Clients on at least an annual basis in order to validate the stated investments, goals, and objectives of the Client to support the review and analysis of Client investment suitability. A record of such Client contact is maintained in the Client's files and/or updated in electronic records, specifying the mode of contact. The Advisor will update account information when the Advisor becomes aware of any new information. Any requested changes to investment guidelines and restrictions must be communicated and confirmed with the Advisor in writing and may require an amendment or side letter to the Advisory Agreement.

Ad-Hoc Form ADV Delivery Requirements
Form ADV Part 2A – Disclosure Brochure: Should any material change occur in the Advisor's business practice throughout the year including, but not limited to, investment process, fees charged, ownership structure, business address, contact information, disciplinary disclosure, or other notable aspects of the Advisor's business, the Advisor will deliver the updated Disclosure Brochure or communicate the material changes to Clients within thirty (30) days of the amended filing identifying the material change.

Form ADV Part 2B – Brochure Supplement[s]: Should any material change occur in an investment advisor representatives background information throughout the year including, but not limited to, outside business activities, disciplinary or disclosure items, or other notable background information, the Advisor will deliver the updated Brochure Supplement or communicate the material change to Clients within thirty (30) days of the material change.

Form ADV Part 3 – Client Relationship Summary - Should any material change occur to the Client Relationship Summary the Advisor will deliver the updated Client Relationship Summary or communicate the material changes to Clients within thirty (30) days of the amended filing identifying the material change.

Additionally, the Advisor will deliver the Client Relationship Summary to Clients before or at the time the Advisor:

- opens a new account that is different from the Client's existing accounts;
- recommends that the Client roll over assets from a retirement account into a new or existing account or investment; or
- recommends or provides an investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account (e.g., first-time investment in a direct-sold mutual fund or variable annuity or adding margin or options trading authorization to an existing account).

PLEASE NOTE: Each amended Client Relationship Summary that is delivered to a retail investor who is an existing Client must highlight the most recent changes by, for example, marking the revised text or including a summary of material changes. The additional disclosure showing revised text or summarizing the material changes must be attached as an exhibit to the unmarked amended Client Relationship Summary.

Annual Form ADV Delivery Requirements
Annually, within 120 days following the Advisor's fiscal year-end, the Advisor "delivers" at no cost to the Client, an update of the Disclosure Brochure that either includes:

- The updated Disclosure Brochure that contains a summary of material changes since the last delivery to Clients; or
- A summary of material changes to the updated Disclosure Brochure that includes an offer to provide a copy of the updated Disclosure Brochure and information on how a Client may obtain the Disclosure Brochure.

Annual Privacy Policy Delivery
The Privacy Policy is required to be delivered annually to Clients of the Advisor and is typically provided at the same time as the Disclosure Brochure and Brochure Supplement delivery.

Internal Documentation
It is the Advisor's policy to document and maintain all items pertaining to the ongoing Client Management within the Client's file.

CCO Testing: The CCO or Delegate periodically reviews Client files, including, but not limited to Agreements to ensure accuracy and proper execution, suitability and account information. The CCO or Delegate and documents the findings within the Advisor's books and records.

C. Treatment of Retirement Account Rollovers

The Department of Labor ("DOL") adopted Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") which expands the definition of advice covered under ERISA law to include recommendations about retirement plan rollovers and Individual Retirement Accounts ("IRAs"). A recommendation that a Client roll over their retirement plan assets into an account to be managed by the Advisor creates a conflict of interest, as the Advisor will earn more in advisory fees as a result of the rollover.

The DOL has established a Five-Part Test in order to assist advisors in determining whether a recommendation to roll over retirement plan assets into an IRA falls under ERISA. The regulation states that a person provides "investment advice" if he or she: (1) renders advice to a plan or participant as to the value of securities or other property, or makes recommendations as to the advisability of investing in, purchasing, or selling securities or other property; (2) on a regular basis; (3) pursuant to a mutual agreement or understanding; (4) that such advice will be a primary basis for investment decisions; and that (5) the advice will be individualized to the plan or participant.

Under the DOL there are requirements to adhere to the following:

- Acknowledgment from the advisor of their fiduciary status under Title I of ERISA and the Internal Revenue Code
- Due diligence and written documentation of the specific reasons that any recommendation to roll over assets (whether from an ERISA plan to an IRA, from one IRA to another IRA, or from one type of account to another (e.g., commission-based account to fee-based account) is in the best interest of the client.
- Written disclosure to clients that include (i) the scope of the relationship, (ii) all material conflicts of interest, and (iii) the reasons the rollover recommendation is in their best interest.
- Compliance with the Impartial Conduct Standards which includes (i) provide prudent investment advice, (ii) charge only reasonable compensation, and (iii) avoid misleading statements.
- An annual compliance review with the results in a written report to a Senior Executive Officer of the advisor.

Advisor Recommended Rollovers
As a result of the aforementioned requirements, the Advisor is prohibited from making rollover recommendations. The Advisor is permitted to educate Clients on available options for an employer-sponsored retirement account, and such education must not favor one outcome over another. Education on rollovers must include all available options available to an individual: leaving assets in the plan, rolling over to another employer plan (if applicable),

rolling into an IRA, or taking a cash distribution with tax consequences. Additionally, education on rollovers must include a discussion of the pros and cons of each available option. The Advisor may share the following information with Clients:

- Investment options - Investment options may differ between an ERISA sponsored plan and those available within an IRA.
- Tax considerations - Account owners may be subject to income tax, early withdrawal penalties, or net unrealized appreciation.
- Fees and expenses – Fees and expenses may vary depending on the services offered and availability of underlying funds.
- Service offerings - ERISA plans may provide an array of services to the account owner, such as participant loans, planning tools, personalized advice, tax planning or estate planning.
- Legal considerations - ERISA plans typically have unlimited protection from creditors under federal law. However, IRA assets are protected in bankruptcy proceedings only.

Policy:
In the event investment advice is covered under ERISA, the Advisor abides by the aforementioned DOL requirements.

Procedures:

1. The Advisor will ensure that the Client understands that he/she is making an independent decision in choosing which action, if any, to take on an employer-sponsored retirement plan.

2. In any instance where a Client directs the Advisor to initiate and execute a rollover of retirement assets, the Advisor will utilize the Rollover Rationale Form, where the Client attests to, via signature, the fact that the Advisor did not solicit the rollover and that the rollover is being executed at the sole discretion of the Client.

3. All copies of client-directed rollover forms are retained in the Client's file.

CCO Testing: *The CCO or Delegate will review annually all investment advice covered under ERISA to ensure that each rollover was properly documented and adherence to all regulatory guidelines stated above have been met. The CCO or Delegate documents the findings within the Advisor's books and records.*

D. Treatment of Vulnerable Clients

The Advisor has adopted the following procedures designed to identify, protect, and proactively address instances of diminished capacity and financial exploitation. Regulators have determined that any Client over the age of 62, subject to a state-specific Adult Protective Services statute, or exhibiting diminished capacity behavior or being exploited financially to be considered a "Vulnerable Client."

The Advisor will contact Vulnerable Clients, by phone or in person, on a more frequent than annual basis to ensure the Advisor's records relating to the Client profile is updated based on the Vulnerable Client's current life circumstances, including, but not limited to, job status, retirement, changes to named trustees/beneficiaries, or death. The Advisor will leverage this communication to determine whether there are any instances of diminished capacity and/or risk of financial exploitation.

<u>Red Flags for Diminished Capacity</u>

- Confusion with simple concepts.
- Repeating instructions or questions.
- Memory loss or disorientation.
- Difficulty performing familiar tasks.

<u>Red Flags for Financial Exploitation</u>

- Unexpected addition of authorized persons or changes to beneficiaries, trustees, and/or powers of attorney.
- Unknown individual becomes active in the Client relationship.
- Discussion of unusual or unexpected investments.

Protecting Vulnerable Clients

In order to protect Vulnerable Clients, the Advisor has implemented the following business practices:

- The Advisor should attempt to have Vulnerable Clients designate a trusted third-party ("Authorized Individual") and grant the Advisor permission to communicate with the Authorized Individual via phone, email, fax, or in person to obtain, and the Advisor to share, Client information including, but not limited to, account positions, transaction history, and personally identifiable Client information.
- Assist the Vulnerable Client in determining whether they should obtain durable power of attorney or engage with an estate attorney to establish estate documents.
- Update suitability guidelines as appropriate for the Vulnerable Client to continually follow and assist all parties with the ongoing management of the Vulnerable Client's assets and accounts.
- Remind the Vulnerable Client of the importance of compiling and safekeeping documents, including, but not limited to, wills, birth certificates, marriage and divorce certificates, Social Security information, life-insurance policies, financial documents, and a listing of the Client's possessions.
- Obtain contact information for the Vulnerable Client's attorney, family members, and establish a line of communication with beneficiaries/trustees in the event of a Vulnerable Client's diminished capacity, financial abuse, and/or death.

PLEASE NOTE: Upon detection of suspected diminished capacity, the Supervised Person will notify the CCO promptly to document the instance, along with proper documentation of the findings and any actions taken. The CCO will work with the Authorized Individual, attorneys, and trustees/beneficiaries on taking appropriate measures with the Vulnerable Client.

Upon detection of financial exploitation, the Supervised Person will notify the CCO promptly to document the instance, along with proper documentation of the findings and any actions taken. The CCO will present documentation and records that are relevant to the suspected or attempted financial exploitation to respective parties including, but not limited to, trusted third parties, state, or government authorities. Additionally, the Advisor, in its discretion based on the facts and circumstances surrounding the Vulnerable Client, can take necessary action, including, but not limited to, imposing a hold on asset transfers from an account of an eligible Vulnerable Client for up to 15 business days if financial exploitation is suspected. The hold can be extended for an additional ten (10) days at the request of either the state securities regulator or adult protective services.

E. Treatment of Client Termination

Whether the termination is Advisor-initiated, Client-initiated or as a result of the passing of a Client, the Advisor maintains procedures for terminating the relationship. When a Supervised Person becomes aware of a Client termination, the Supervised Person will communicate the reason for termination to the COO. There may be instances where a Client moves all of their accounts away from the Advisor without communicating the termination to the Advisor. In such instances, the Advisor will send out a termination notice to the Client to effectively terminate the Advisory Agreement. Additionally, the COO will complete the following:

- Add the terminated relationship to the Client Termination Log.
- Ensure appropriate documentation in the Client's file as to why the Client relationship was terminated.
- Ensure the refund of any prepaid advisory fees if the Advisor billed the client in advance.
- Assist as appropriate with the outgoing asset transfers.

Client Death or Incapacitation

In the event of death or incapacitation of a Client, the Advisor will request a copy of the death certificate to maintain in the Client's file, review the Client's estate documents and contact respective custodians and applicable third parties to the Client's estate to determine next steps and what is in the best interest of the Client. Items to consider include, but are not limited to:

- Identification of beneficiaries.
- Timing and direction from the Executor of the Client's estate.
- Management of the account[s], including:
    - Freezing and/or liquidating the accounts.
    - Repapering of Account Information.
    - Transfer of Assets.

CCO Testing: The CCO or Delegate conducts quarterly reviews of all closed accounts to ensure there have been no oversights in Client terminations. Additionally, the CCO or Delegate will conduct an annual review of terminated Clients to ensure that the Advisor is compiling and maintaining sufficient information around the termination and refunding. The review will be maintained within *AdvisorCloud360®.*

F. Treatment of ERISA Clients

The Employee Retirement Income Security Act of 1974 ("ERISA") is a federal law that establishes legal guidelines for private pension plan administration and investment practices. ERISA was written to protect plan beneficiaries and participants from problems and abuses. ERISA contains a number of provisions that address individuals and firms that are engaged in managing ERISA accounts or provide advisory services to employee benefit plans. In cases where the Advisor or its representatives are unsure of these provisions and responsibilities, they should seek expert advice prior to contracting with an ERISA account.

PLEASE NOTE: The Advisor has fully documented its practices to comply with ERISA to act as an Advisor and accept client-directed brokerage with respect to ERISA. Please see Section 9 for ERISA policies and procedures. All policies and procedures within the Compliance Manual will apply to ERISA accounts unless otherwise specified in Section 9.

G. Client Fees

The fiduciary duty of the Advisor to its Clients requires that careful attention is applied to the Advisor's fee methodology and billing practices. The methodology for Client fees is disclosed in the Disclosure Brochure, as well as in the Advisory Agreement.

The Advisor will ensure that at the onset of an engagement, the advisory fee is agreed upon between the Client and the Advisor and properly documented within the client's Advisor Agreement. Non-managed assets should be separately documented through a Non-Discretionary Asset Management Agreement. If there is any other exception to the advisory fees charged to a client (e.g., accounts with different fees, bill to accounts, etc.), the Advisor will ensure proper and thorough documentation either within the Advisory Agreement or the respective Client's file. The Advisor will ensure that any changes to advisory fees are properly documented. The Advisor has implemented the following policy regarding changes to advisory fees:

- If advisory fees are raised, the Advisor will be required to obtain a written acknowledgment from the Client regarding the increase in advisory fees.
- If advisory fees are being lowered, the Advisor will ensure that it creates a written memo within the Client's file addressing the lowered fee, the date it was lowered and any other pertinent information. If the Advisor decides to then raise the advisory fee, the Advisor will be required to obtain a written acknowledgment from the Client.

<u>Fee Methodology</u>

The Advisor's standard policy is to calculate fees as a percentage of assets under management. The Advisor may waive, modify, or reduce the fees for certain Clients. Any deviation from the standard fee assessment or calculation terms must be agreed to in writing by the Advisor and the Client in advance of any fee calculation. The Advisor should document any instances of deviation from the standard fee assessment.

<u>Fee Billing</u>

The Advisor will review fee calculations before billing Clients either via invoice or direct deduction in order to minimize any potential miscalculated fees being charged to Clients of the Advisor.

CCO Testing: The CCO or Delegate periodically reviews the Client's fee billing and methodology to ensure accurate billing and documents the findings within the Advisor's books and records.

H. Custody

An advisor would be deemed to have custody if it directly or indirectly holds client assets, has any authority to obtain possession of them, or has the ability to appropriate them. The following situations create a custody status:

- *Constructive Custody* (Annual surprise custody audit not required).
    - Deducting advisory fees from client accounts.

- Maintaining standing letters of authorization ("SLOA") to third parties.

An advisor may allow the above activities and will not be subject to the implications of "Real Custody" as detailed below if certain safeguards are met. Please see Fee Deduction and Standing Letters of Authorization below.

- *Real Custody* (Annual surprise custody audit required).
  - Collecting more than $1,200 in advisory fees, six months or more in advance.
  - Maintaining client login credentials.
  - Serving as trustee for client accounts.
  - Having power of attorney over client accounts.
  - Holding onto client checks for longer than 72 hours (3 business days).
  - Receiving stock certificates from the client and forwarding them to the custodian.
  - Managing a private fund.

PLEASE NOTE: As a matter of policy, the Advisor does not have real custody over Client funds or securities, however, the Advisor does have constructive custody due to the deduction of advisory fees from Client accounts.

Fee Deduction

The Advisor is considered to have custody of Client assets because they have the ability to have fees paid directly from Client accounts. The Advisor has adopted the following policies and procedures regarding assets in Client accounts. The Advisor will: (1) segregate Client funds and securities and maintain them with a "qualified Custodian" in an account in that Client's name, (2) promptly notify Clients in writing of any new or changes to a current qualified Custodian's name, address, and the manner in which the funds or securities are maintained, and (3) ensure that the qualified Custodian sends a quarterly account statement to each Client, identifying the amount of funds and each security in the Client account at the end of the period and setting forth all transactions during that period.

"Due Inquiry" Requirement - The Advisor conducts a "due inquiry" in order to establish a basis that the qualified Custodian sends account statements to each Client no less frequently than quarterly. To accomplish the "due inquiry" requirement, the CCO or Delegate receives written confirmations on accounts from the Custodian that the account statement was sent, giving the Advisor reasonable belief and assumption that Client statements were sent to Clients by the Custodian. Further, certain delegated individuals, appointed by the CCO, also maintain personal account[s] at each respective custodian that is recommended by the Advisor. The CCO will confirm, at least annually, with each delegate, the receipt of statements on at least quarterly basis, further confirming the due inquiry requirement. Accessing the Client's account statements on the Custodian's website will not satisfy the "due inquiry" requirement because it does not confirm the account statement was actually delivered to the Client.

Standing Letters of Authorization to Third Parties

An advisor may have custody of assets if they have SLOAs to third parties, thereby requiring the advisor to disclose that they have custody of client funds. However, an advisor may not subject to the independent surprise examination requirement of the Custody Rule as long as they meet the seven (7) conditions below:

1. The client provides an instruction to the custodian, in writing, that includes the client's signature, the third-party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the advisor, in writing, either on the custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to their chosen custodian.
5. The advisor has no authority or ability to designate or change the identity of the third-party, the address, or any other information about the third party contained in the client's instruction.
6. The client's custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice confirming the instruction.
7. The advisor maintains records showing that the third party is not a related party to the advisor or located at the same address as the advisor.

PLEASE NOTE: SLOAs to third parties are maintained at the Custodian and meet the criteria set forth above. The CCO conducts an annual review of the SLOAs and the Custodian's policies. The Advisor, annually, will confirm that any third party in receipt of SLOAs is not the advisor or located at the same address as the advisor.

Advance Collection of Fees

As a matter of policy, the Advisor does not collect advance payments of $1,200 or more, six (6) months in advance of services rendered. In the event that more than $1,200 is collected, the Advisor will ensure services are completed within six (6) months.

Login Credentials

An advisor may be deemed to have custody of assets if they maintain client login credentials. The maintenance of login credentials creates a custody status for assets within those accounts because, with client login information, the Advisor will have the ability to change certain fields and/or presets within the Client's account including, but not limited to, mailing address, e-mail address, bank accounts, etc. Additionally, with login credentials, an advisor has the ability to transfer funds out of the account without triggering approval from the Client.

PLEASE NOTE: As a matter of policy, the Advisor does not maintain Client login credentials.

Executor, Conservator or Trustee Relationships and Power of Attorney

An advisor may be deemed to have custody of assets if they are appointed as executor, conservator or trustee for an estate, conservatorship or personal trust, or have power of attorney authority for a Client. Power of attorney is a written document in which one person (the principal) appoints another person to act as an agent on his or her behalf, giving authority to the agent to perform certain acts or functions on behalf of the principal.

PLEASE NOTE: Unless a Supervised Person is appointed as executor, conservator or trustee as a result of family or personal relationship with the Client, and not as a result of employment with the Advisor, the Advisor will not serve as executor, conservator or trustee for an estate, conservatorship or personal trust, or have full power of attorney over any Client accounts.

Client Checks and Security Certificates

An advisor who holds onto client checks for more than seventy-two (72) hours is deemed to have custody on the assets and securities held.

PLEASE NOTE: As a matter of policy, the Advisor does not have custody through the handling of Client checks or security certificates. The Advisor has implemented the following internal procedures to ensure the proper handling of all checks and securities.

- Checks:
    - The Advisor will either forward checks to the Custodian or utilize remote check deposit via the Custodian's software within three (3) business days. Checks that are deposited remotely are kept for at least ten (10) days to ensure proper settlement of the funds.
    - Third party checks made payable to the Client will be forwarded to the Custodian or returned to the Client within three (3) business days.

- Security Certificates:
    - The Advisor will not accept security certificates at the Advisor's office but may advise Clients on how to securely deliver certificates to their Custodian and will tell Clients not to send security certificates to the Advisor's office.
    - If the Advisor receives security certificates inadvertently, the Advisor will promptly return/forward the security certificate[s] to the Client with instructions on how to direct them to the Custodian to deposit in their account[s].

The Advisor documents all checks and security certificates received, whether forwarded to the Custodian or returned to the Client, within the Checks and Securities Log, unless otherwise documented on the corresponding LPL log. See AdvisorCloud360® for the Checks Log.

I. Client Money Movement

It is the responsibility of every Supervised Person of the Advisor, who interacts with Clients to verify any and all outgoing money transfer instructions when standing instructions are not on file with the Custodian. Any Supervised Person who verifies transfer instructions with the Client must be able to identify the Client over the phone or via two pieces of identifying information, prior to executing the outgoing money transfers. The following procedures are designed to mitigate the fraud risk that is pervasive in the industry. For additional information related to information security and fraud, please see Section 7.

Before any requests for funds transfer may be acted upon, the Advisor must first verify the Client and the authenticity of instructions.

First Party Money Movement

The Advisor does not accept first-party money movement instructions via email, fax, or mail. Supervised Persons must be in direct verbal contact with the Client.

- Recognizing the insecure nature of email, Supervised Persons should make every effort to obtain instructions from Clients in advance.
- The Advisor must document the date, time, and contact reached while confirming instructions and log the event with the Client record in their CRM system.

When there is any doubt as to the identity of the individual to whom you seek verbal verification, the person making the call should require that the Client successfully answer at least two (2) identifying questions for which the Advisor could cross-reference responses, which could include, for example:

- Primary account holder's date of birth.
- Address associated with the account.
- Primary account holder's mother's maiden name.

Third Party Money Movement

If a standing letter of authorization is not on file for third party money movement, the Advisor is required to obtain one-time authorization forms executed by the Client.

J. Client Complaints

In the course of providing advisory services, the Advisor and/or its Supervised Persons may receive complaints from Clients regarding their services or other related matters. The Advisor will respond appropriately and promptly to Client complaints that it receives and, when appropriate, take corrective actions in an effort to prevent future complaints. Any statement alleging specific inappropriate conduct on the part of the Advisor constitutes a complaint. A Client complaint must be initiated by the Client and must involve a grievance expressed by the Client. In many instances, it is difficult to determine whether or not a communication constitutes a "complaint". A mere statement of dissatisfaction from a Client about an investment or investment performance in most cases does not constitute a complaint. Supervised Persons should report all communications that could be construed as a complaint to the CCO who will determine if the communication actually qualifies as a "complaint".

Supervised Persons understand the importance of handling and documenting Client complaints, including informing the CCO of any Client communications that may be construed as a complaint in a timely manner. The following policy applies to the handling of Client complaints:

- Notify the CCO promptly.
- Do not respond to the Client complaint without prior approval of the CCO.

PLEASE NOTE: The CCO will investigate and document each Client complaint within the Client Complaint Log and ensure it is responded to in a timely manner. *S*ee AdvisorCloud360® for the Client Complaint Log.

K. Anti-Money Laundering / Customer Identification Program

The Advisor's AML policy is to endeavor to prevent, detect, and report the possibility of money laundering. "Money laundering" is understood to be the process by which individuals or entities attempt to conceal the true origin and ownership of the proceeds of internationally recognized criminal activity, such as organized crime, drug trafficking, or terrorism. Money laundering involves the use of the financial system to disguise the origin of assets, for example, by creating complex layers of financial transactions and by the integration of the laundered proceeds into the

economy as “clean” money. There are various laws and regulatory standards that govern entities in the effort to deter money laundering, including: the Bank Secrecy Act of 1970; the Money Laundering Control Act of 1986; and the USA PATRIOT Act.

It’s important to note that since the Advisor does not custody Client assets but rather has Clients open accounts with Custodians for custody and transaction execution services, the broker-dealers will have the primary responsibility to carry out the AML requirements for the Advisor’s clients. As such, the Advisor primarily relies on Custodians to conduct Anti-Money Laundering (“AML”) and Customer Identification Program (“CIP”) reviews on its Clients.

CCO Testing: The CCO or Delegate conducts an annual review of the Custodians to confirm the effectiveness of their AML policy and document the findings within the Advisor’s books and records.

4. Portfolio Management and Trading

A. Investment Research and Monitoring

Securities Oversight

The Advisor has a fiduciary duty to conduct reasonable due diligence with respect to any security (or other financial instrument) that the Advisor buys, sells, or holds in a Client’s portfolio. The Advisor’s duty to conduct reasonable due diligence generally increases with the complexity and uniqueness of a security (or other financial instrument).

The Advisor’s primary area of research for a security lies in fundamental analysis. This analysis focuses on individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions. The Advisor may compile information from multiple industry sources for insights including, but not limited to:

- management quality;
- product and/or service quality;
- business cycle[s] for the company's key products or services;
- earnings and cash flow;
- new product or service offerings in the pipeline that could enhance future growth Industry characteristics; and
- competitive position in the marketplace.

When researching mutual funds or ETFs, prior fund returns, portfolio management tenure/stability, and fund rankings are also factored into the research.

CCO Testing: The CCO or Delegate conducts an ongoing review to determine if securities should continue to be held, sold, or if additional amounts of the security should be purchased. Factors weighed in determining any action include, but are not limited to:

- price fluctuations;
- company/Issuer announcements;
- market news; and
- portfolio guidelines.

The CCO or Delegate documents its due diligence surrounding securities within the Advisor’s books and records.

B. Portfolio Suitability and Monitoring

The Advisor must manage each portfolio according to the investment strategy/mandate, and, as necessary, provide an explanation to the Client for material deviations from the agreed-upon mandate. Additionally, the Advisor will monitor account[s] to ensure adherence to any specific guidelines and restrictions.

The Advisor tracks each Client’s individual portfolio guidelines. At the inception of the account, the Advisor will input the Client’s guidelines into the Client’s file, which will be monitored manually. The Advisor refers to the Client’s file ahead of conducting any trading to ensure that securities under consideration fall within the Client’s stated guidelines.

The Client's guidelines are also used during portfolio reviews. As part of these reviews, the securities held by each account are reviewed to ensure that the account's positions are consistent with the investment guidelines contained in the Client's file. Any issues, or potential issues, with portfolio strategy or individual positions, are reviewed and discussed.

Mutual Fund Share Class Selection

When purchasing mutual fund shares for a Client's account, a Client is subject to various fees and charges, including, but not limited to, the cost of portfolio management, creating account statements, account services, recordkeeping, commissions, and legal services. The particular fees and charges the Client will pay are generally determined by the share class that the client purchases.

Some share classes are subject to either a front-end sales charge or a deferred sales charge and may be appropriate when implementing a pure buy and hold strategy. Other share classes impose a higher ongoing fee (12b-1 fee) which is retained by the custodian.

PLEASE NOTE:

Initial Investment

As a matter of policy, the Advisor seeks to use the lowest cost share class available, without exception. Transaction charges should not impact investment decisions either from a trade frequency or investment selection standpoint.

Conversion Window:

For investments of clients newly transitioned or newly engaged ("Legacy Investments"), the Advisor requires that any higher cost share class be transitioned to its lower cost share class equivalent within 30 days of the assets becoming under the management of the Advisor.

Reimbursement Higher Cost Mutual Fund Investments:

If any Legacy Investments remain in a higher-cost share class beyond the 30-day conversion window, the Advisor will refund the client the difference in costs incurred due to the delay in conversion.

If a higher-cost share class is initially selected erroneously, the Advisor will issue a refund covering the entire period of the difference in costs the Client incurred while invested in the incorrect share class.

CCO Testing: The CCO or Delegate, at least monthly, reviews accounts for adherence to investment guidelines, for example, suitability and mutual fund share class selection to ensure lowest cost share class is selected, or client's best interest are met, and documents the findings within the Advisor's books and records.

C. Trading Practices and Conflicts

Advisors generally must trade in accordance with procedures developed to ensure that the Advisor seeks best execution of Client orders. While the Advisor has fairly broad discretion to tailor policies to their specific operations, the Advisor must disclose potential material conflicts of interest and any procedures implemented to prevent these conflicts.

Directed Brokerage

While the Advisor will recommend a specific Custodian based on its initial and ongoing due diligence, the Client may ultimately direct the Advisor to utilize a specific Custodian. The Advisor requires that such direction is provided by the Client in writing, either as part of the Advisory Agreement or by separate instruction. Clients will then establish an account with a specific Custodian and direct the Advisor to place trades with that Custodian. Under these circumstances, the direction by a Client to execute trades with a particular Custodian means that the Advisor does not have the ability to choose the price of the security traded or the commission paid. The result could be higher commissions, greater spreads or less favorable net prices, than if the Advisor was empowered to negotiate commission rates or spreads freely, or to select brokers or dealers based on best execution.

To address the conflicts with regards to the limitations of client-directed brokerage with respect to best execution, the Advisor will provide full and accurate disclosures within the Advisory Agreement and Disclosure Brochure. Additionally, the Advisor conducts ongoing best execution due diligence to ensure its Custodian recommendations are in the best interest of its Client. The Advisor also discloses that Client directed transactions may not be

combined or “batched” for execution purposes with orders for the same securities for other accounts the Advisor manages.

PLEASE NOTE: This activity has the potential for creating counterparty risk that may impact Clients. Counterparty risk is measured by the loss that a Client would incur if the counterparty failed to perform pursuant to the terms of transactional or contractual commitment. Counterparty risk increases when the Custodian’s solvency is undermined either due to systemic risk, financial loss, negligence, potential regulatory or legal claims, or operational failures. Therefore, the Advisor has a due diligence process for assessing the counterparties to their trading activity, among other things. As a part of that consideration, the Advisor analyzes and makes judgments regarding a Custodian’s financial condition over time, realizing that financial strength is subject to many unpredictable factors and sudden shocks.

Firm Trading Policy

Trade Aggregation - When the purchase or sale of a security is deemed to be in the best interest of more than one Client account, it is the Advisor’s policy to aggregate, or “batch”, orders for the purchase or sale of securities for all such Client accounts to the extent consistent with best execution and the terms of the relevant Advisory Agreements. Such combined trades are used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, and/or reducing overall commission charges.

PLEASE NOTE: The Advisor will ensure that aggregated securities transactions in participating Client accounts are carried out in a fair and equitable manner, by upholding the following conditions:

- Aggregation policies are fully disclosed to all Clients.
- The Advisor does not favor any advisory account over any other account.
- The Advisor gives individual investment advice to each account.
- Each participating Client account receives the average price for each trading day.
- Trades are combined only if consistent with the duty to seek best execution and with the terms of the relevant Clients’ Advisory Agreements.
- Aggregated trades are documented within the Advisor’s books and records archive, including securities bought, sold and held by each participating account.
- For each aggregated order, the books and records of the Advisor will separately reflect the securities bought, sold, and held by each account.

Trade Allocation - Generally, aggregated transactions are averaged as to price and transaction costs and will be allocated among participating accounts in proportion to the purchase and sale orders placed for each account on any given day (*i.e., pro rata*). While the Advisor will always try to allocate *pro rata* in the first instance, the Advisor may use other methods of allocation – provided that such methods are fair and equitable. The Advisor may use a random allocation method if limited availability or thinly traded securities (partial fills). In such instances, the Advisor will not include individual accounts and collective investment vehicles in which the Advisor, or its Supervised Persons, might have an interest.

PLEASE NOTE: The Advisor will ensure that allocation methods are fair and equitable, by upholding the following conditions:

- Allocation policies are fully disclosed to all Clients.
- The Advisor does not favor any advisory account over any other account.
- The participating accounts and the relevant allocation method are specified within the Advisor’s books and records before entering an aggregated order.

Trading Away – Trading away is defined as a trading procedure that gives an advisor the opportunity to execute security trades at another custodian and having the trades settle at the advisor’s current custodian.

PLEASE NOTE: As a matter of policy, the Advisor generally does not trade away from the Custodian. However, in certain instances, trade away transactions may be warranted when the Advisor's existing Custodian does not have access to markets that are suitable for certain Clients. As data regarding execution becomes more tangible through technology, best execution gains more transparency and may create obligations for Advisors to select other custodians to uphold their fiduciary duties.

Principal Transactions

Principal transactions involve securities transactions in which an advisor has a proprietary interest in the securities being traded. Principal transactions must be disclosed to clients in writing prior to the completion of the transaction and written client consent must also be obtained. Consent may be obtained after execution but prior to settlement of the transaction.

PLEASE NOTE: As a matter of policy, the Advisor does not engage in principal transactions and does not anticipate doing so. In the event that a situation develops that might involve a principal transaction, appropriate disclosures will be made in advance of the transaction.

Agency Cross Transactions

Agency cross transactions involve securities transactions in which an advisor acts directly (or through an affiliate) as a client's advisor and as broker for the person on the other side of the transaction.

PLEASE NOTE: As a matter of policy, the Advisor does not engage in agency cross transactions and does not anticipate doing so. In the event that a situation develops that might involve an agency cross transaction, legal counsel will be consulted prior to the transaction.

Soft Dollars

Among the factors an advisor may consider in seeking best execution is the value of a custodian's execution and research services, including third-party research provided by the custodian (*i.e.*, "soft dollar" services), provided these services fall within the safe harbor of Section 28(e) of the 1934 Act.

PLEASE NOTE: As a matter of policy, the Advisor does not engage in soft dollar transactions and does not anticipate doing so. In the event that a situation develops that might involve the use of soft dollars, the Advisor will make all appropriate disclosures prior to entering into a soft dollar arrangement and ensure that the appropriate policies and procedures are in place.

Broker-Dealer Affiliation

Certain advisors may have an affiliated broker-dealer or Supervised Persons who are registered representatives of a broker-dealer. Client trades may be placed through an affiliated broker-dealer where an advisor, and/or its Supervised Persons, may receive commissions and/or other economic benefit from the trades. In such instances, there needs to be a higher level of care to be exercised when placing trades with affiliated broker-dealers to ensure the advisor is acting in the best interest of its clients.

PLEASE NOTE: The Advisor does have Supervised Persons who are affiliated registered representatives of a broker-dealer. The Advisor is responsible for providing ongoing oversight of this activity; however, the overall implementation and execution of this activity will be monitored by the registered principal of the broker-dealer.

The Advisor will undertake the following oversight activities:

- Ensure appropriate disclosure of the outside business activity in the Advisor's Disclosure Documents.
- Ensure that documentation of why the affiliated broker-dealer is more qualified than other broker-dealers is in place and updated as appropriate.
- Generally, ensure the affiliated registered representatives are in compliance with the broker-dealer, via an annual attestation acknowledging that the registered representative has read and understands the responsibilities as described within the broker-dealer's compliance Program.
- Perform a reconciliation of commissions received.

Wrap Fee Program

Clients enrolled in a Wrap Fee Program are billed a comprehensive fee calculated as a percentage of the client's assets under management. This fee includes all costs associated with the program, such as investment advice, transaction fees, custodial fees, and administrative fees. As a policy, the Advisor recommends that all clients be placed in a Wrap Fee Program.

The Advisor strictly prohibits the charging of any premium fees, as the Advisor recommends that all clients are recommended to be maintained in a Wrap Fee Program.

The Advisor has implemented a separate procedure entitled "Advisory Account Guidelines & Review Procedures" which is a guideline for all wrap fee accounts to substantiate the continued management services under a Wrap Fee Program is in the Client's best interest. For the purpose of this section, "Account" is the culmination of all accounts managed by the Advisor. The below are the main guidelines that drive the procedure:

a. Asset Allocation - An Advisory Account's allocation should correspond to the target allocation ranges listed for each investment objective.
b. Trade Inactivity – At least 5% of the Account must be traded/rebalanced no less than every 24 months.
c. High Cash Balance – An Account can hold no more than 35% of the Account balance in cash or cash equivalents for more than 9 months.
d. Security Concentrations - Holdings in an Advisory Account cannot exceed the concentration limits stated in the table below.
e. Low Priced Securities – Advisors are not permitted to recommend low priced securities.
f. New Account Documentation - An IAR is responsible for ensuring relevant Client information is collected at the inception of the Advisory Account and prior to making recommendations for the Client.

If it is identified the any Accounts do not meet the thresholds stated above, the Advisor will conduct a formal review to determine the best course of action for maintaining the client relationship. This may include amending the investment strategy, reducing the fee on the Account[s], or placing the relationship under heightened review to ensure the Account[s] are being appropriately managed to adhere to the above thresholds.

CCO Testing: The CCO or Delegate, at least quarterly, will forensically review a sample of client engagements for adherence to the policies stipulated above.

D. Trading Errors

It is the Advisor's policy to manage portfolios and place securities trades with a Custodian with accuracy, efficiency, and pursuant to sufficient legal authority. A "trade error" is generally any transaction resulting in Client funds being committed to unintentional transactions. Trade errors can result from a variety of situations involving portfolio management, trading, and settlements. Types of trading errors include, but are not limited to:

- Transposing an order (e.g., buying instead of selling).
- Purchasing or selling unintended securities or unintended amounts of securities.
- Allocating a transaction to the wrong account.
- Purchasing or selling securities that are not appropriate for an account.
- Selling a security a client does not own.
- Entering an order at the wrong price.
- Operational errors in calculating price/commission information or in arranging for settlement.
- An error in the software used to conduct the trade.

Because a trade error generally results in Client money being at risk, the following trade review process and trade error correction policy generally apply:

<u>Trade Review:</u>
The CCO or Delegate reviews a sample of securities transactions in an attempt to verify accurate and proper reconciliation of trades with the Advisor's data, consistency of the securities transactions within the client's Investment Parameters for suitability; and the absence of any improper trading in the account.

<u>Trade Error Identification:</u>
Upon identification of a trade error, It is the Advisor's responsibility to evaluate the error and ensure that the appropriate party corrects the error.

<u>Trade Error Correction:</u>
The Advisor's policy is to identify and correct trading errors, over a de minimis amount, affecting any account as expeditiously as possible.

- Any error that results in a gain will accrue to the benefit of the account in which the error was made.
- Any error that results in a direct loss will be reimbursed to the account in which the error was made. In no case will the Advisor use soft dollars to correct trade errors.

PLEASE NOTE: The Advisor maintains a log of all trading errors along with any relevant and supporting documentation such as communications with the Client and steps taken to remediate the issue. See AdvisorCloud360® for the Trade Error Log.

E. Best Execution

The duty to "seek best execution" (either at the security level or through the evaluation of the custodians the Advisor recommends) is not necessarily a directive to capture the best price or to minimize transaction costs. Both are difficult to achieve and even more difficult to prove. Best execution is viewed as a process, whereby the Advisor has established procedures to ensure that Clients are serviced by competitive vendors. The Advisor defines best execution in the context of the firm, taking into account the nature of the Advisor's business and trading procedures.

CCO Testing: The CCO or Delegate periodically reviews best execution quantitative and qualitative statistics and compares the Advisor's recommended Custodian to other competitive custodians to demonstrate the rationale for the recommended Custodian[s]. The findings of the best execution reviews are documented within the Advisor's books and records.

F. Proxy Voting

The right to cast votes on certain corporate matters is an important power given to shareholders of publicly traded companies and mutual funds. Since most shareholders do not attend annual meetings in person, their right to express their opinion on these matters are done by casting a ballot either electronically or via mail. An advisor is expected to address its role with respect to voting proxies on behalf of clients in an agreement and in the disclosure brochure. Clients may agree to take on the responsibility to vote proxies on securities they own, or they may elect to not vote their proxies at all. In any case, regulators expect an advisor to have clearly defined (and communicated) policies and procedures related to this vital aspect of corporate governance.

PLEASE NOTE: As a matter of policy, the Advisor will not vote, nor advise Clients on how to vote, proxies for securities held in Client accounts. The Client retains the authority and responsibility for the voting of proxies. The Advisor will not provide any advice or take any action with respect to the voting of proxies as agreed to in the Advisory Agreement and disclosed in the Disclosure Brochure. Should a Client have questions on a particular proxy, the Advisor may assist the Client in understanding the background and intent of the proxy, but shall not make any attempt to influence the Client in their voting decision.

G. Valuation

Advisors have a fiduciary duty to place its Client's interests first and foremost. This duty includes the securities valuation process which seeks to provide current, fair, and accurate valuations of investments. Conducting proper valuations of securities is important because it affects, among other things: (i) financial reporting; (ii) the calculation of advisory fees; (iii) performance reporting and presentations; and (iv) risk profiles. The Advisor relies on the Custodian for valuation for all securities, except for private investments [Custodian is solely the conduit for information].

Exchange-listed investments - If the Advisor identifies a security that is not priced, has a stale price or does not appear to be accurate, the CCO should be contacted immediately. The CCO will work with the Custodian to obtain an accurate price. The Advisor does not fair value securities.

CCO Testing: The Advisor acknowledges its fiduciary duty to ensure investments in Client portfolios are properly valued, consistent with Client interests, and in alignment with regulatory requirements. Therefore, the CCO or Delegate, in accordance with their regulatory obligations, periodically conducts thorough reviews of exchange-listed investments to confirm the accuracy of securities valuations provided by the Custodian. The Advisor maintains a regular and structured process for conducting spot checks on exchange-listed investments to validate the accuracy of securities valuations.

- On an at least annual basis, the Advisor will select a representative sample of exchange-listed investments from Client portfolios that are maintained at the Custodian.

- The selected investments are subject to an independent valuation assessment by the CCO or Delegate, utilizing reliable pricing sources and methodologies.
- Findings from the spot checks are documented comprehensively within the Advisor's books and records, including whether there are any discrepancies between the spot check and the values provided by the Custodian.

5. Client Communications: Advertising & Sales Marketing

A. Definition of "Advertisement"

The Marketing Rule defines the term "advertisement" in two prongs:

1. Any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the investment adviser's investment advisory services with regard to securities to prospective clients or investors in a private fund advised by the investment adviser or offers new investment advisory services with regard to securities to current clients or investors in a private fund advised by the investment adviser. There are specific circumstances where certain communications would not be considered an "advertisement" and therefore not subject to the Marketing Rule. These include:

    a. extemporaneous, live, oral communications (but not any accompanying scripts, slides, chats, etc.);
    b. information contained in a statutory or regulatory notice, filing or other required communication (e.g., Form ADV), provided that such information is reasonably designed to satisfy the requirements of such notice, filing or other required communication; and
    c. communications that include hypothetical performance that are provided either in response to an unsolicited Client request or to a private fund investor in one-on-one communication.

2. Compensated testimonials and endorsements for which the Advisor provides direct or indirect compensation. This includes both traditional solicitation activities that may be carried out with prospective clients or private fund investors. Definitions of testimonial and endorsement are below:

    a. A "testimonial" is defined as a statement by a current or former Client or private fund investor about their experience with the Advisor, the solicitation of a prospective investor in a private fund, or a referral of a prospective Client to the Advisor or a private fund.
    b. An "endorsement" includes any statement by a person other than a current Client or private fund investor (i.e., a placement agent or solicitor) that indicates approval, support, or recommendation of the Advisor or describes that person's experience with the Advisor or its Supervised Persons.

PLEASE NOTE: It is the Advisor's policy to treat any form of communication to Clients that is designed to solicit or maintain advisory service ("Client Communications") as covered by regulations under Securities Laws. Therefore, written communications on a one-to-one basis to existing, or prospective, advisory Clients designed to offer advisory services, or maintain the existing Client, are subject to the general prohibitions under the Marketing Rule.

B. General Prohibitions Under the Marketing Rule

Securities Laws provide that it shall find a violation has been committed when an investment advisor acts to publish, circulate, or distribute any advertisement which, among other things:

- That includes any untrue statement of a material fact, or omission to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading.
- That includes a material statement of fact that the Advisor does not have a reasonable basis for believing it will be able to substantiate upon demand by the SEC.
- That includes information that would reasonably be likely to cause an untrue or misleading implication or inference to be drawn concerning a material fact relating to the Advisor.
- That discusses any potential benefits to clients or investors connected with or resulting from the Advisor's services or methods of operation without providing fair and balanced treatment of any material risks or material limitations associated with the potential benefits.
- That includes a reference to specific investment advice provided by the Advisor where such investment advice is not presented in a manner that is fair and balanced.

- That includes or excludes performance results, or present performance time periods, in a manner that is not fair and balanced.
- Any advertisement that otherwise is materially misleading.

Policy: In applying the general prohibitions of the Marketing Rule, the Advisor should consider the facts and circumstances of each advertisement, including the:

- Nature of the audience to which the advertisement is directed.
- Form and content of the advertisement.
- Investment adviser's ability to perform what is advertised.
- Implications or inferences arising from the context of the communication.
- Amount and type of content that needs to be included in the advertisement is based on the sophistication of the intended audience.

PLEASE NOTE: If the communication to existing advisory Clients are solely designed to present the performance of their accounts, they are generally not considered advertisements.

Policy: All marketing materials unless noted below, are subject to a post-use review by the CCO. All marketing materials are covered by this policy, including, but not limited to, any communication with Clients, prospective clients, consultants, news media, or any other persons who may provide information about the Advisor, its business, or Clients to anyone outside of the Advisor.

C. Performance Marketing

All performance data that is provided to any person outside of the Advisor should be carefully scrutinized by the Chief Compliance Officer. The use of performance results should not imply, or cause a reader to infer from it, something about the adviser's competence or about future investment results that would not be true had the advertisement included all material facts.

There are seven (7) specific requirements and prohibitions for presenting performance information as follows:

- *Net and Gross Returns*. The use of gross performance is prohibited unless the advertisement also presents net performance with at least equal prominence to, and in a format designed to facilitate comparison with, the gross performance, and calculated over the same time period, and using the same type of return and methodology, as the gross performance. A model fee may be used to calculate net returns if the model fee is equal to the highest fee charged to the intended audience to whom the advertisement is disseminated.
- *Prescribed Time Periods*. Advertisements that show performance must include the performance of the applicable portfolio/strategy/composite for one-, five-, and ten-year periods (or the life of the portfolio, where applicable), each presented with equal prominence and ending on a date that is no less recent than the most recent calendar year-end. This requirement does not apply to private fund performance.
- *Statements about SEC Approval*. Advertisements containing performance results must not include any statement that the calculation or presentation of performance results in the advertisement has been approved or reviewed by the SEC.
- *Related Performance*. Advertisements showing related or representative performance must include the performance of all "related portfolios" unless the exclusion of a related portfolio would not (i) result in the advertised performance results being materially higher than if all related portfolios had been included and (ii) alter the presentation of performance over the one-, five-, and ten-year periods, if applicable.
- *Extracted Performance***.** The Advisor is prohibited from presenting extracted performance in an advertisement unless the advertisement provides, or offers to provide promptly, the performance results of the total portfolio from which the performance was extracted.
- *Hypothetical Performance***.** The Advisor is permitted to include hypothetical performance in an advertisement, provided that the Advisor (1) adopts policies and procedures reasonably designed to ensure that the hypothetical performance is relevant to the likely financial situation and investment objectives of the intended audience of the advertisement, (2) provide sufficient information to enable the intended audience to understand the criteria used and assumptions made in calculating the hypothetical performance, and (3) provides (or, if the intended audience is an investor in a private fund, provides or offers to provide promptly) sufficient information to enable the intended audience to understand the risks and limitations of using hypothetical performance to make investment decisions. Hypothetical

performance should only to be distributed to investors who have access to the resources to independently analyze such information and who have the financial expertise to understand the risks and limitations of such types of presentations. The Advisor need not need to comply with the conditions on performance relating to specified time periods, related performance, and extracted performance when hypothetical performance is being presented.

- *Predecessor Performance*. The Advisor is prohibited from using predecessor performance unless (i) the person[s] who were primarily responsible for achieving the prior performance results manages the strategy at the Advisor; (ii) the accounts managed at the predecessor investment adviser are sufficiently similar to the accounts managed at the Advisor that the performance results would provide relevant information to clients or investors; (iii) all accounts that were managed in a substantially similar manner are advertised unless the exclusion of any such account would not result in materially higher performance and the exclusion of any account does not alter the presentation of any applicable time periods, if applicable; and (iv) the advertisement clearly and prominently includes all relevant disclosures, including that the performance results were from accounts managed at another entity.

Accordingly, advertisements containing performance data must disclose the following:

- The effect of material market or economic conditions on the results portrayed. For example, an advertisement stating that the accounts of the Advisor's Clients appreciated 25% in value without disclosing that the market generally appreciated 40% during the same period.
- Performance numbers net of fees, costs, and estimated performance fees and allocations, as applicable.
- Appropriate comparable indices that have been selected by the Advisor and may not be changed.
- Whether and to what extent the results portrayed reflect the reinvestment of dividends and other earnings.
- Any material conditions, objectives, or investment strategies used to obtain the results portrayed.
- If applicable, that the results portrayed relate only to a select group of the Advisor's Clients, the basis on which the selection was made, and the effect of this practice on the results portrayed, if material.
- Other disclosures concerning performance data that are available from the Chief Compliance Officer.

Policy: Any marketing materials containing performance data are subject to pre-approval by the CCO and are required to abide by the aforementioned guidelines.

D. Specific Investment Advice

Unless certain specific conditions are met, the Advisor may not advertise its "specific investment recommendations". This applies to any reference in an advertisement to specific investment advice given by the Advisor, regardless of whether the investment advice is current or occurred in the past.

As noted above, the rule prohibits a reference in an advertisement to specific investment advice that is not presented in a fair and balanced manner. An advertisement that references favorable or profitable past specific investment advice without providing sufficient information and context to evaluate the merits of that advice is not fair and balanced. Therefore, materials should include sufficient disclosure around the circumstances of the market event, such as its nature and timing, and any relevant investment constraints, such as liquidity constraints, during that time. When presenting past specific investment advisor, the Advisor may choose to provide unfavorable or unprofitable past specific investment advice in addition to the favorable or profitable advice. The Advisor may also consider listing some, or all, of the specific investment advice of the same type, kind, grade, or classification as those specific investments presented in the advertisement

In determining how to present information in a fair and balanced manner, advisers shouldconsider the facts and circumstances of the advertisement, including the nature and
sophistication of the audience.

Policy: Any marketing materials containing specific investment advice are subject to pre-approval by the CCO and are required to abide by the aforementioned guidelines.

E. Promoters: Testimonials and Endorsements

Testimonials and endorsements are allowed to be used by the Advisor with certain disclosures and conditions. Persons offering testimonials or endorsements, including solicitors, of the Advisor, may only be compensated if certain conditions are met. This restriction on compensation for testimonials and endorsements *applies to both cash and non-cash compensation*. There are certain practices that must be applied to uncompensated testimonials and endorsements as well.

The Advisor must have (1) a reasonable basis for believing that any testimonial or endorsement complies with the requirements of the rule and (2) a written agreement with any person giving a compensated testimonial or endorsement that describes the scope of the agreed-upon activities and the terms of the compensation for those activities when the adviser is providing compensation for testimonials and endorsements that is above the *de minimis* threshold.

Disclosure Requirements

The Advisor must clearly and prominently disclose (or reasonably believe the Promoter will disclose) (i) whether the Promoter is a current client or a person other than a current client, (ii) whether it is a paid promotion, and (iii) a brief statement of any material conflicts. Two additional disclosures include the material terms of any compensation arrangement and a description of any material conflicts of interest. However, they are not required to meet the clear and prominent requirements above. The disclosure requirements do not apply to affiliates, however, the affiliation must be readily apparent.

Oversight and Written Agreement

The Advisor must oversee their Promoter's compliance with the rule. The advisor must have a "reasonable basis for believing that any testimonial or endorsement complies with the requirements of the rule." If compensation is greater than $1,000 (de-minimis) in a twelve-month period, the Advisor is required to enter into a written agreement with the Promoter outlining the scope of the agreed-upon activities and terms of compensation.

Forms of compensation for testimonials and endorsements include:

- fees based on a percentage of assets under management or amounts invested;
- flat fees;
- retainers;
- hourly fees;
- reduced advisory fees;
- advisory fee waivers;
- any other methods of cash compensation, as well as cash or non-cash rewards; and
- any directed brokerage that compensates brokers for soliciting investors, sales awards or other prizes, gifts and entertainment, such as outings, tours, or other forms of entertainment that the Advisor provides as compensation for testimonials and endorsements.

The written agreement requirements do not apply to a*dvisory affiliates* provided that the affiliation is either readily apparent or disclosed at the time the testimonial or endorsement is given, and the Advisor documents such person's status at the time the testimonial or endorsement is given.

Disqualification

Prohibits the use of "bad actors" from operating as compensated Promoters. This includes individuals subject to an SEC opinion or order barring, suspending, or prohibiting them from acting in any capacity under federal securities laws or other disqualifying events. The disqualification analysis does not apply to uncompensated Promoters.

Partial Exemptions

There are some exemptions to the above-written agreement requirements as follows:

- *De Minimis Compensation*. Persons giving a testimonial or endorsement that receive no compensation or total compensation of $1,000 or less (or the equivalent value in non-cash compensation) during 12 months are exempt from the written agreement requirement.
- *Advisory Affiliates*. Affiliates, partners, directors, officers, and employees of the Advisor are exempt from the written agreement requirement, provided that the affiliation is either readily apparent or disclosed at the time the testimonial or endorsement is given, and the Advisor documents such person's status at the time the testimonial or endorsement is given.

Policy: The Advisor's marketing materials may not include testimonials or endorsements unless they comply with the Marketing Rule's general prohibitions on misleading advertising and satisfy additional conditions as outlined above. Supervised Persons must obtain pre-approval prior to engaging a promoter for testimonials or endorsements. Any materials containing testimonials or endorsements must be pre-approved by the CCO for compliance with the Marketing Rule prior to dissemination. Any promoters who will be compensated in an amount greater than $1,000 are required to enter into a written agreement with the Advisor prior to making any endorsements or testimonials. Additionally, the Advisor will ensure promoters are properly licensed and/or registered in the applicable state jurisdictions, in accordance with state statutes.

F. Third-Party Ratings, Rankings, and Awards

A "third-party rating" is defined as a rating or ranking of an investment adviser provided by a person who is not a related person to the Advisor and provides such ratings or rankings in the ordinary course of their business.

For the Advisor to use any ratings or rankings or results, the Advisor must have a reasonable basis to believe that any questionnaire or survey used in the preparation of the third-party rating is structured to make it equally easy for a participant to provide favorable and unfavorable responses, and is not designed or prepared to produce any predetermined result.

In addition, advertisements used by the Advisor that contain third-party ratings must clearly disclose, or the Advisor must reasonably believe that the advertisement clearly discloses the following:

- the date on which the rating was given and the period of time upon which the rating was based;
- the requirements regarding the criteria used to determine the rating or review and what it actually pertains to;
- the identity of the third party that created and tabulated the rating; and
- if applicable, that compensation has been provided directly or indirectly by the Advisor in connection with obtaining or using the third-party rating.

Policy: The Advisor's marketing materials may not include third-party ratings, rankings, or awards unless they comply with the Marketing Rule's general prohibitions on misleading advertising and satisfy additional conditions as outlined above. All advertisements that include third-party ratings, rankings, or awards must be carefully reviewed and pre-approved by the CCO for compliance with the Marketing Rule.

G. Article Copies or Reprints

If the Advisor provides a copy or reprint of a news article to any person, all of the above requirements apply with respect to that article. Therefore, in addition to requiring certain disclosures, some articles may need to be edited to remove non-compliant material. In addition, applicable laws may require, among other things, that the Advisor obtain consent from the publisher or author of an article before distributing a copy or reprint of it to third parties and disclose the source of the article to each recipient of the copy or reprint.

H. Email and Electronic Communications

The Advisor's policy provides that e-mail, instant messaging, and other electronic communications are treated as written communications and that such communications must always be of a professional nature. The Advisor's policy covers electronic communications for the Firm, to or from Clients, and includes any e-mail communications within the Firm.

Policy: Supervised Persons are prohibited from conducting any business essential to the Advisor and its core operations outside of the approved electronic communication methods. In the event that a Supervised Person must use email to communicate work-related correspondence, the Supervised Person must send a copy of the email message to their company email address so that the record will be retained as required and copy the CCO. In particular, Social networking sites, such as Facebook and Twitter, are not approved electronic communications methods and should not be used to communicate with Clients or conduct any business essential to the Advisor and its core operations.

<u>Use of Social Media</u>

The Advisor recognizes the value of online social media tools. In order to ensure we maintain a values-oriented, positive, professional image, and to protect the safety and privacy of our members and staff, all Supervised Persons must abide by the following expectations when using social media for work or personal purposes. Failure to abide by

the following guidelines may result in disciplinary action, up to and including termination of employment. The world of social media is changing rapidly and often blurs the lines between the professional and private realms.

Policy: If in doubt about how this policy applies to new social media sites, please contact the CCO.

1. **Supervised Person Use of Social Media for Work Purposes:** Supervised Persons' related social media pages require review and approval by the CCO. Static postings regarding the Advisor require pre-approval and must follow the Advisor's guidelines as detailed above. Interactive, real-time posts may be conducted by authorized Supervised Persons only, on company-approved social media sites only, and are subject to the Advisor's electronic correspondence policy and procedure – which includes monitoring and archiving via an electronic monitoring and archiving tool. It is acceptable to list the Advisor's name and the Supervised Person's position in a personal profile.

2. **Supervised Persons Use of Social Media for Personal Purposes:** Supervised Persons may choose to create or participate in an internet social network (Facebook, Twitter, LinkedIn, etc.), blog, or other forms of online publishing or discussion (referred to in this policy collectively as "social media") for personal use. Making posts pertaining to the Advisor is prohibited without the written approval of the CCO. Be mindful that what is published will be public for a long time. Supervised Persons must remember that any personal information viewable by the public MUST abide by the Advisor's values and Supervised Persons' conduct expectations, as found in the Code of Ethics, whether or not one identifies themselves as a Supervised Person of the Advisor. Supervised Persons should not use the messaging function on any social/professional networking site when communicating work-related information (this would include all correspondence that would be required to be retained under securities laws, which may include all communications with clients, as well as communications about client trades and client portfolios).

3. **Third-party Posts:** Supervised Persons are prohibited from providing or receiving a referral to or from any person on their social network related to the Advisor's advisory business, as this may be viewed as a testimonial under the federal securities laws and subject to the restrictions set forth above. For example, the use of the "like" button on Facebook for an advisor's biography may be deemed a testimonial. Supervised Persons must monitor third-party posts on their social network and exercise discretion over the appropriateness of the content consistent with the values of the Advisor. Supervised Persons should be aware that failure to remove inappropriate third-party posts from their social network may be considered a tacit endorsement of the views expressed by the third party.

Off-Channel Communications

All communications, whether with Client or internally between Supervised Persons, must occur via systems and accounts that are properly archived and monitored, such as the Advisor's official email system and approved communication platforms, which include third-party SMS applications or messaging services that are equipped with archiving capabilities. Supervised Persons are allowed to use these approved tools for both client-related and internal communications, provided that:

- Archiving: All communications conducted through these tools are automatically archived in compliance with the Advisor's records retention policy.
- Monitoring: The use of these tools is subject to regular monitoring to ensure compliance with policy and regulatory requirements.

Supervised Persons are strictly prohibited from using text messages, personal email accounts, or any other non-approved off-channel communication methods to discuss advisory services or any matters related to the Client. These communication methods lack appropriate archiving and monitoring capabilities.

<u>Permitted Administrative Communications</u>

Limited communications that are purely administrative in nature, such as confirming meeting times, addresses, or other logistical items, may be permitted via approved off-channel methods, provided that no investment-related or sensitive business discussions occur in these communications.

<u>Handling Client-Initiated Off-Channel Communications</u>

If Client initiates contact with a Supervised Person via an unapproved off-channel method related to services, the Supervised Person must adhere to the following protocol:

- Immediate Notification: Inform the Client or Supervised Person that advisory service-related communications must occur through an approved and monitored platform.
- Documentation: Take a screenshot of the off-channel communication and forward it to their archived email account to ensure compliance with the Advisor's books and records retention requirements.
- Reminder: Respond to the Client or Supervised Person via an approved communication channel reminding them to use designated channels for all future correspondence related to services.

CCO Testing: Internal communications between Supervised Persons must be conducted through approved third-party applications that is archived.

Recordkeeping Responsibilities

The Advisers Act sets forth the recordkeeping obligations of registered investment advisers. The recordkeeping obligation does not differentiate between various media, including paper and electronic communications, such as emails, instant messages, and other Internet communications that relate to the adviser's recommendations or advice. Advisors that communicate through social media must retain records of those communications if they contain information that satisfies an investment adviser's recordkeeping obligations under the Adviser's Act. In order to avoid recordkeeping requirements for Supervised Persons' social media accounts, Supervised Persons must not conduct the Advisor's business on social media.

Regulatory Inquiries, Complaints, and Other Matters

It is the policy of the Advisor that all regulatory inquiries, Investor complaints, and legal matters relating to the Advisor be handled by the CCO. Supervised Persons receiving such inquiries, whether by mail, telephone, or personal visit, must refer them immediately to the CCO. Under no circumstances should any documents or material be released without prior approval of the CCO, nor should any Supervised Person have substantive discussions with any regulatory personnel without prior consultation with the CCO. The CCO will maintain records of any inquiries and accompanying responses.

Any Supervised Person receiving a complaint, whether oral or written, from any Client, must promptly bring such complaint to the attention of the CCO. Supervised Persons should not attempt to respond to or resolve any complaint by themselves. All responses to such complaints must be handled by the CCO. The CCO will maintain records of any complaints and accompanying responses. All correspondence, summonses, and subpoenas concerning legal actions or proceedings that involve a Client, a Supervised Person, and/or the Advisor must be referred to the CCO immediately upon receipt. The same procedures apply to telephone inquiries from outside attorneys unless directed otherwise by the CCO. Under no circumstances may any Supervised Person other than management or the CCO respond to a lawsuit, subpoena, or other forms of the legal process.

I. Compliance Reviews

The CCO or Delegate conducts an at least annual review of its marketing materials to ensure adherence to the standards of the Marketing Rule and the Advisor's policies noted above. These reviews are documented within the Advisor's books and records.

Additionally, the CCO or Delegate periodically reviews a sample of email communications to ensure adherence to the Client Communication Policy defined above, identification of any Client complaints, insider trading, and/or failure to adhere to privacy policies. The CCO or Delegate documents the findings within the Advisor's books and records.

6. Regulatory Filings

A. Form ADV Filings and Amendments

The Advisor may be required to file various forms and reports on both an annual and ongoing basis to maintain their status and provide updates to various states and/or regulators.

Form ADV

Form ADV is a uniform form used by registered investment advisors for registration. Form ADV is broken into three parts.

***Form ADV Part 1**:* Form ADV Part 1 is an online form filed through the IARD system.

Annually, within ninety (90) days following fiscal year-end, the Advisor reviews, updates as necessary, and files its Form ADV Part 1 via FINRA's IARD system.

Additionally, Form ADV Part 1 will be amended and filed if the Advisor adds or removes a relying adviser as part of an umbrella registration, the information provided in response to Items 1, Item 3, Item 9, or Item 11 of Part 1A or Sections 1 or 3 of Schedule R becomes inaccurate in any way. The Advisor will file an amendment to the Disclosure Brochure through IARD within 30 days of the change.

Form ADV Part 2A – Disclosure Brochure: The Disclosure Brochure is a narrative of the Advisor with a primary purpose of providing Clients with a clearly written and meaningful disclosure, in plain English, about the Advisor's services, fees, business practices, conflicts of interest, and material business relationships with affiliates. The Disclosure Brochure must also be kept current and made available during regulatory examinations. It must be provided to prospective clients prior to or at the time of the signing of an Advisory Agreement and becoming a client of the Advisor. The Disclosure Brochure is required to be filed through the FINRA IARD system.

Annually, within ninety (90) days following fiscal year-end, the Advisor must review, update, and file its Form ADV Part 2A – Disclosure Brochure and Appendix 1 – Wrap Fee Program Brochure (if applicable) via FINRA's IARD system.

Additionally, the Disclosure Brochure and Wrap Fee Program Brochure (if applicable) must be amended and filed should any material change occur in the Advisor's business practice throughout the year including, but not limited to, investment process, fees charged, ownership structure, business address, contact information, disciplinary disclosure, conflicts of interest, and/or other notable aspects of the Advisor's business. The Advisor will file an amendment to the Disclosure Brochure through IARD within thirty (30) days of the change.

Form ADV Part 2B – Brochure Supplement[s]: The Brochure Supplement[s] contain information about the Advisor's Advisory Person[s]. The Brochure Supplement is not required to be filed through the FINRA IARD system.

There is no annual update or filing requirement for the Brochure Supplement. However, the Brochure Supplement must be amended whenever there is a material change to an investment adviser representative's disclosure information, employment, education and/or outside business activities.

Form ADV Part 3 – Client Relationship Summary: The Client Relationship Summary will contain important information about the Advisor including: the types of services the firm offers; the fees, costs, conflicts of interest, and required standards of conduct associated with those services; whether the firm and its financial professionals have reportable legal or disciplinary history; and how to obtain more information about the firm. The Client Relationship Summary is required to be filed through the FINRA IARD system. The Client Relationship Summary will also be posted prominently on the Advisor's public website in a location and format that is easily accessible.

There is no annual update or filing requirement for the Client Relationship Summary. However, the Client Relationship Summary must be amended and filed whenever any information in the Client Relationship Summary becomes materially inaccurate. The filing must include an exhibit highlighting changes.
The Advisor maintains a copy of each Disclosure Brochure, Wrap Fee Program Brochure (if applicable) Brochure Supplement[s] and Client Relationship Summary and each amendment of revision.

<u>Form ADV-W – Withdrawal</u>
In the event that the Advisor has ended its Client relationships in a particular jurisdiction and intends to no longer operate in that jurisdiction, the Advisor is required to notify the respective regulatory agency of that change. To notify current regulators, the Advisor will submit a timely filing of Form ADV-W, which is the form used to withdraw registration from a jurisdiction or when transitioning to a different regulator.

<u>Notice Filings</u>
The Advisor is not required to register with any state or territory of the United States and the Advisor is not subject to any substantive state requirements with respect to operations. Nevertheless, the Advisor may be required to

make a “notice filing” with any state where the Advisor maintains a place of business or generally has more than a de minimis number of Clients. When required to make a notice filing, the Advisor generally must submit to a state a copy of the Advisor’s Form ADV Part 1, update the U4 for each IAR, and pay a filing fee. Typically, these submissions can be completed electronically through IARD. In addition, the Advisor also must generally submit any amendments to Form ADV that is filed with the SEC and pay an annual notice filing fee.

CCO Testing: The CCO or Delegate periodically reviews Client geography to determine which states, if any, require the Advisor to make a notice filing and payment of any corresponding fees. The review is documented within the Advisor’s books and records.

B. IAR Registrations, Disclosures, and Amendments

Advisory Persons are required to register as IARs with states in which the Advisor conducts business unless exempted from registration in a particular state. The states may require registration and/or licensing of IARs who: (i) provide advice to “retail” Clients, meaning natural persons other than “qualified clients”; (ii) have more than five (5) clients in the respective state[s] with the exception of Louisiana, Nebraska, New Hampshire, and Texas, and (iii) have a “place of business” within a state. The CCO or Delegate will review IAR registration requirements prior to soliciting business in any state in which its IARs have a “place of business” because the definition and requirements for an IAR vary from state to state.

Form U4

The U4 Filing is used by IARs to enable their individual registration with applicable regulators and jurisdictions. Advisors should amend an IAR’s Form U4 to address state registrations, changes in residential address, disclosure items, and/or changes to outside business activities.

Form U5

The U5 Filing is submitted to withdraw an individual’s registration as an IAR. A partial U5 can either remove IAR registrations in specific jurisdictions or, if they have fully resigned from the Advisor, a full U5 can be submitted to remove all registrations of that IAR with the Advisor.

Form ADV2B - Brochure Supplement

As noted above, the Brochure Supplement is not required to be filed through the FINRA IARD system, but the Advisor must keep copies and all amendments in their books and records. Advisors should update the Brochure Supplement to address material changes, such as, outside business activities, additional compensation received and financial, and/or disciplinary matters.

Financial & Disciplinary Disclosures

Securities laws require the Advisor to disclose any instances where the Advisor and/or its Supervised Persons have been found liable in a legal, regulatory, civil, or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. The ability to view the Advisor’s IARs backgrounds is on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by using their name or CRD# to search.

C. Exchange Act Filings

Certain Clients may hold significant positions in publicly traded equity securities and as such the Advisor may need to make certain filings with the SEC under the Securities Exchange Act of 1934 (“Exchange Act”). The various filings and our procedures for ensuring the timely submission of these filings are described in this section of the Compliance Manual. The Advisor monitors, on an ongoing basis, any matters that may require amendments or additional filings.

Schedule 13F

If an advisor acts as an institutional investment manager with investment discretion with respect to accounts of $100 million or more of exchange-traded or NASDAQ securities, based upon the list of designated securities published quarterly by the SEC, the advisor must file a Form 13F, reporting: (1) the name of the issuer; (2) the number of shares held; and (3) the aggregate fair market value of each security held. For a list of all 13F Securities, please go to https://www.sec.gov/divisions/investment/13flists.htm.

PLEASE NOTE: The Advisor has the following procedures in place for 13F Filings:

- The Advisor will make its first 13(f) filing within 45 days after the calendar year-end, or by February 14.
- The Advisor will continue to make quarterly filings prior to the filing deadline for each of the successive three calendar quarters. For specific dates, please refer to the SEC website.
- The Advisor will make these filings as described in the rule and will retain the filing records.

CCO Testing: The CCO or Delegate periodically compares the Advisor's assets to the SEC's most current quarterly 13F securities list using data query to determine if the Advisor has exceeded the $100 million threshold and document the findings within the Advisor's books and records.

Form NPX

The Form NPX is required to be filed by all Advisors required to file the Form 13F. Form NPX requires detailed disclosures on how Advisors vote on proxy matters, especially regarding executive compensation, commonly referred to as Say-On-Pay;. If an Advisor does not vote proxies, does not vote proxies related to Say-on-Pay, or if all proxy votes are reported by other reporting persons, they are exempt from the Form NPX. Advisors exempt from the Form NPX are required to submit a "Notice Filing" or simplified notice report.

PLEASE NOTE: To date, the Advisor will complete a Form NPX notice file as the Advisor does not vote proxies. The Advisor has the following procedures in place for the Notice Filing in place of the Form NPX:

- The Advisor will submit its notice filing no later than August 31st of each year. This filing covers the most recent twelve-month period between July 1st and June 30th.
- The Advisor will make these filings as described in the rule and will retain the filing records.

CCO Testing: The CCO or Delegate annually reviews the Advisor's Books and Records to ensure that no proxy votes were submitted on behalf of Clients.

Schedule 13D

Schedule 13D must be filed if any person who acquires beneficial ownership of more than five (5) percent of a class of any U.S. registered equity security with more than an investment return purpose in owning the security. Schedule 13D must be filed with the SEC and sent to the issuer of the security and to each exchange on which the security is traded. Advisors are required to file Schedule 13D electronically on EDGAR.

PLEASE NOTE: To date, Schedule 13D filing has not been triggered. Should the Advisor exceed the threshold, the Advisor will timely and accurately complete the 13D Filing.

Schedule 13G

Schedule 13G may be filed in lieu of Schedule 13D if an advisor's holdings were acquired in the ordinary course of business and not with the purpose of changing or influencing control of the issuer. If the Advisor's ownership intent changes to an intent or effect of causing a change in control of the issuer, a Schedule 13D must be promptly filed.

PLEASE NOTE: To date, Schedule 13G filing has not been triggered. Should the Advisor exceed the threshold, the Advisor will timely and accurately complete the 13G Filing.

Schedule 13H

Schedule 13H require large traders, whose transactions in non-marketable securities equal or exceed two (2) million shares or $20 million during any calendar day, or twenty (20) million shares or $200 million during any calendar month, to identify itself to the SEC and make certain disclosures to the SEC on Form 13H within EDGAR.

PLEASE NOTE: To date, Schedule 13H filing has not been triggered. Should the Advisor exceed the threshold, the Advisor will timely and accurately complete the 13H Filing.

7. Privacy and Information Security

A. Cybersecurity

Cybersecurity is a separate policy and procedure document of the Advisor's Compliance Program ("Cybersecurity Policy"). The Advisor has adopted the Cybersecurity Policy to provide guidance to the Advisor's Supervised

Persons on the storage and/or transmission of confidential digital information. The Advisor has addressed the following important concepts and controls in well-defined terms within the Cybersecurity Policy:

1. Storage of confidential digital information.
2. Transmission of confidential digital information
3. Receipt and acknowledgment of adherence to the Cybersecurity Policy.

CCO Testing: The CCO or Delegate annually tests for adherence to the policies stipulated in the Cybersecurity Policy. The CCO or Delegate documents these reviews within the Advisor's books and records.

B. Regulation S-P: Safeguard and Disposal Rule

The SEC has adopted amendments to the rule under Regulation S-P requiring advisors to adopt policies and procedures to address administrative, technical, and physical safeguards (the "Safeguard Rule") for the data security, integrity, and confidentiality of customer records and information. The SEC has further required that policies and procedures take reasonable measures to protect against unauthorized access or use of the information in connection with its collection, storage, transmission, and disposal (the "Disposal Rule").

To meet the standards of both the Safeguard and Disposal Rules, the Advisor has developed policies and procedures to apply security measures to reasonably safeguard its private Client information during its course of ownership and through its disposal, such as shredding physical documents and coordinating with their technology service provider to destroy digital storage devices, as noted in the Advisor's Privacy Policy. The Advisor will also apply firewalls, anti-virus, and other information security tools as needed to safeguard client information. Should the Advisor become aware that unauthorized parties have accessed client information, the Advisor will take additional steps to stop and prevent further unauthorized access and contact any Clients impacted to notify them of potential fraudulent activity in their name or accounts.

C. Regulation S-ID: Identity Theft Red Flag Program

Regulation S-ID requires certain financial institutions to establish an identity theft red flags program designed to detect, prevent, and mitigate identity theft. There are four key elements that advisors must address in their Identity Theft Prevention Program (ITPP), including:

- Identifying relevant red flags.
- Detecting red flags.
- Responding appropriately to red flags.
- Maintaining the ITPP.

Advisors must determine which red flags are relevant to their businesses and the covered accounts they manage over time. There is no specific list of red flags that are mandatory and no specific policies and procedures are required. However, a list of factors that the entity should consider (with examples) is included in the guidelines from the SEC along with an expectation that entities will respond and adapt to new forms of identity theft and the related risks as they arise.

<u>Identifying Relevant Red Flags</u>

The CCO or Delegate will periodically determine whether it offers or maintains covered accounts by conducting a risk assessment of their ITPP, including the risk factors, sources, and categories of Red Flags.

Risk factors include the types of covered accounts the advisor offers or maintains, the methods it provides to open or access its covered accounts, and its previous experiences with identity theft.

Sources of Red Flags include incidents of identity theft that the Advisor has experienced, methods of identity theft that have been identified as a result of changes in identity theft risks, and applicable regulatory guidance.

Categories of Red Flags include alerts, notifications, or other warnings received from consumer reporting agencies or service providers (such as fraud detection services) as well as suspicious documents and other customer unusual conduct or requests.

A red flag is a transaction that a Supervised Person knows or suspects to:

- Involve proceeds from an illegal activity.
- Evade currency transaction reporting requirements.
- Vary significantly from the Client's normal investment activities.
- Have no business or apparent lawful purpose and the Advisor knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

The Advisor utilizes various Custodians to supplement its own efforts to identity and manage identity theft red flags. The Advisor considers the following risk factors when identifying relevant red flags for covered accounts:

- The types of covered accounts offered.
- The methods provided to open or access these accounts.
- Previous experiences with identity theft.

In addition, Red Flags from the following five categories and the "Red Flag Identification & Detection Grid" ("Grid") have been considered:

- Alerts, notifications, or warnings from a credit reporting agency or service providers.
- Presentation of suspicious documents.
- Presentation of suspicious personal identifying information.
- Unusual use of, or other suspicious activity related to a covered account.
- Notice from other clients, victims of identity theft, law enforcement authorities.
- Persons regarding possible identity theft in connection with covered accounts.

It should be noted that the examples listed in the "Red Flag Identification & Detection Grid" are not exhaustive, nor do they constitute a mandatory checklist, but should be utilized as a resource of relevant red flags in the context of the business. Additionally, the Advisor will rely on its custodian/broker dealer and investment management platforms for certain detections of red flags as noted below.

Red Flag	Detecting the Red Flag
Category: Alerts, Notifications or Warnings from a Consumer Credit Reporting Agency	
Category: Suspicious Documents	
1. Identification presented looks altered or forged.	The Advisor or its Custodian will scrutinize identification presented in person to make sure it is not altered or forged.
2. The identification presenter does not look like the identification's photograph or physical description.	The Advisor or its Custodian will ensure that the photograph and the physical description on the identification match the person presenting it.
3. Information on the identification differs from what the identification presenter is saying.	The Advisor or its Custodian will ensure that the identification and the statements of the person presenting it are consistent.
4. Information on the identification does not match other information The Advisor has on file for the presenter, like the original account application, or copy of the client's signature -	The Advisor or its Custodian will ensure that the identification presented and other information we have on file from the account, such as the address on their driver's license are consistent.
5. The application looks like it has been altered, forged or torn up and reassembled.	The Advisor or its Custodian will scrutinize each application to make sure it is not altered, forged, or torn up and reassembled.
Category: Suspicious Personal Identifying Information	
6. Inconsistencies exist between the information presented and other things known or can find out about the presenter by checking readily available external sources.	The Advisor or its Custodian will review any flagged items including addresses, social security numbers, or other CIP information that has multiple Client matches or other problems and take appropriate steps
7. Personal identifying information presented has been used on an account The Advisor knows was fraudulent.	The Advisor or its Custodian will compare the information presented with addresses and phone numbers on accounts or applications found or were reported to be fraudulent.

8. Personal identifying information presented suggests fraud, such as an address that is fictitious, a mail drop, or a prison; or a phone number is invalid, or is for a pager or answering service.	Custodians will send communications to all address changes (to the old address and the new one). The Advisor will review any returned mail to verify its accuracy.
9. The SSN presented was used by someone else opening an account or other clients.	The Advisor or its Custodian will compare the SSNs presented to see if they were given by others opening accounts or other clients.
10. The address or telephone number presented has been used by many other people opening accounts or other clients.	The Advisor or its Custodian will compare address and telephone number information to see if they were used by other Client and clients.
11. A person who omits required information on an application or other form does not provide it when told it is incomplete.	The Advisor or its Custodian will track when Clients or clients have not responded to requests for required information and will follow up with the Clients or clients to determine why they have not responded.
12. Inconsistencies exist between what is presented and on The Advisor's file.	The Advisor or its Custodian will verify key items from the data presented with information they have on file.
13. A person making an account application or seeking access cannot provide authenticating information beyond what would be found in a wallet or consumer credit report, or cannot answer a challenge question.	The Advisor or its Custodian will authenticate identities for existing clients by asking challenge questions that have been prearranged with the client and for Clients or clients by asking questions that require information beyond what is readily available from a wallet or a consumer credit report.
Category: Suspicious Account Activity	
14. Soon after The Advisor gets a change of address request for an account, they are asked to add additional access means (such as - checks) or authorized users for the account.	Custodians will verify change of address requests by sending a notice of the change to both the new and old addresses so the client will learn of any unauthorized changes and can notify The Advisor.
15. An account develops new patterns of activity, such as - distribution request frequency, an increase in trading, instructions sent via email, or transactions not typical of the client	The Advisor or its Custodian will contact the client at the phone number on file to discuss
16. Mail The Advisor sends to a client is returned repeatedly as undeliverable even though the account remains active.	The Advisor or its Custodian will note any returned mail for an account and immediately check the account's activity and attempt to contact the client at the phone number on file to discuss
17. The Advisor learns that a client is not getting his or her paper account statements.	The Advisor or its Custodian will record on the account any report that the client is not receiving paper statements and immediately investigate them.
18. The Advisor is notified that there are unauthorized - transactions to the account.	The Advisor or its Custodian will verify if the notification is legitimate and involves a firm account, and then investigate the report.
Category: Notice from Other Sources	
19. The Advisor is told that an account has been opened or used fraudulently by a client, an identity theft victim, or law enforcement.	The Advisor or its Custodian will verify that the notification is legitimate and involves a firm account, and then investigate the report.
20. The Advisor learns that unauthorized access to the client's personal information took place or became likely due to data loss (e.g., loss of wallet, birth certificate, or laptop), leakage, or breach.	The Advisor or its Custodian will contact the client to learn the details of the unauthorized access to determine if other steps are warranted.

Detecting Red Flags

The ITPP should address the detection of Red Flags in connection with the opening of covered accounts and existing covered accounts by: (i) obtaining identifying information about, and verifying the identity of, a person opening a covered account and (ii) authenticating customers, monitoring transactions, and verifying the validity of change of address requests for existing covered accounts.

The Advisor will review the opening and maintenance procedures for covered accounts in order to detect Red Flags. For opening covered accounts, which can include obtaining identifying information, the Advisor will verify the

identity of the person opening the account and request relevant supporting documentation. For existing covered accounts, the Advisor will verify client's identity, monitor transactions, and verify the validity of changes that are requested.

Responding Appropriately to Red Flags

Based on the Red Flags that have been detected and the suggested responses for mitigating identity theft, the following procedures have been developed to respond to detected identity theft Red Flags. When the Advisor has been notified of a Red Flag or detection procedures show evidence of a Red Flag, the following steps will be taken, as appropriate to the type and seriousness of the threat:

I. Client (*Red Flags raised by someone applying for an account*)

Review the Application. The Advisor will review the Client's information collected for opening an account (e.g., name, date of birth, address, and an identification number such as a Social Security Number or Taxpayer Identification Number).

Request Government Identification. If the Client is applying in person, a current government-issued identification card, such as a driver's license or passport will be checked.

Seek Additional Verification. If the risk of identity theft is probable or large in impact, the Advisor may also verify the person's identity through non-documentary methods, including:

- Contacting the Client through the contact information provided.
- Independently verifying the client's information by comparing it with information from a credit reporting agency, public database or other source such as a data broker or the Social Security Number Death Master File.
- Checking references with other affiliated financial institutions (Clearing firm does this).
- Obtaining a financial statement.

Deny the Application. If the Client is found using an identity other than his or her own, the account will be denied.

Report. If the Client is found using an identity other than his or her own, The Advisor will report it to appropriate local and state law enforcement; where organized or wide spread crime is suspected, the FBI or Secret Service; and if mail is involved, the US Postal Inspector. It may also, as recommended by FINRA's Customer Information Protection web page's "Firm Checklist for Compromised Accounts," be reported to the appropriate FINRA coordinator; the SEC; State regulatory authorities, such as the state securities commission; and the Advisor's clearing firm.

Notification. If determined that personal identifiable information has been accessed, The Advisor will prepare any specific notice or any other required notice under state law to clients.

II. Access Seekers (*Red Flags raised by someone seeking access to an existing client's account*)

Watch. The Advisor will monitor, limit, or temporarily suspend activity in the account until the situation is resolved. This may involve working in conjunction with its Custodians where applicable.

Check with the Client. The Advisor will contact the client, describe what was found and verify with them that there has been an attempt at identify theft.

Heightened Risk. The Advisor will determine if there is a particular reason that makes it easier for an intruder to seek access, such as a client's lost wallet, mail theft, a data security incident, or the client's giving account information to an imposter pretending to represent the firm or to a fraudulent web site.

Check Similar Accounts. The Advisor will review similar accounts under management to see if there have been attempts to access them without authorization.

Collect Incident Information. For a serious threat of unauthorized account access The Advisor may, as recommended by FINRA's Customer Information Protection web page's "Firm Checklist for Compromised Accounts," collect if available:

- Firm information (both introducing and clearing firms): Firm name, CRD number, contact name & telephone number.
- Dates and times of activity.
- Securities involved (name and symbol).
- Details of trades or unexecuted orders.
- Details of any wire transfer activity.
- Client accounts affected by the activity, including name and account number.
- Whether the client will be reimbursed and by whom.

Report. If unauthorized account access is found, The Advisor will report it to the Custodian and work in conjunction with the Custodian to report as appropriate to appropriate local and state law enforcement; where organized or wide spread crime is suspected, the FBI or Secret Service; and if mail is involved, the US Postal Inspector. The Advisor may also, as recommended by FINRA's Customer Information Protection web page's "Firm Checklist for Compromised Accounts," report it to their FINRA coordinator; the SEC; State regulatory authorities, such as the state securities commission; and their clearing firm.

Notification. If determined that personal identifiable information has been accessed that results in a foreseeable risk for identity theft, The Advisor will prepare any specific notice to clients or other required under state law.

Review of Insurance Policy. Since insurance policies may require timely notice or prior consent for any settlement, we will review our insurance policy to ensure that their response to a data breach does not limit or eliminate our insurance coverage.

Assist the Client. We will work with our clients to minimize the impact of identity theft by taking the following actions, as applicable:

- Offering to change the password, security codes or other ways to access the threatened account.
- Offering to close the account.
- Offering to reopen the account with a new account number.
- Instructing the client to go to the FTC Identity Theft Web Site to learn what steps to take to recover from identity theft, including filing a complaint using its online complaint form, calling the FTC's Identity Theft Hotline 1-877-ID-THEFT (438-4338), TTY 1-866-653-4261, or writing to Identity Theft Clearinghouse, FTC, 6000 Pennsylvania Avenue, NW, Washington, DC 20580.

The Advisor follows the procedures of custodial Identity Theft Programs to notify appropriate compliance and operational personnel to implement procedures to prevent and respond to identity theft red flags and circumstances.

Maintaining the ITPP
The Advisor will update the ITPP (including the relevant Red Flags) periodically, to reflect changes in risks to Clients or to the safety and soundness of the Advisor from identity theft, based on factors such as the Advisor's experiences with identity theft, changes in methods of identity theft, and changes in the Advisor's business.

CCO Testing: The CCO or Delegate will determine which identity theft red flags are relevant to the business and ensure there are reasonable controls in place to detect those red flags. The CCO or Delegate will document their response to any red flags detected and incorporate those experiences when considering updates to the way they detect and respond to red flags.

8. Vendor Management

A. Background

As a fiduciary to its Clients, the Advisor manages vendors across the lifecycle of the relationship using a risk-based approach. The Advisor conducts initial and ongoing due diligence and retains documentation of vendors who are:

(i) vital to the firm's operations; and (ii) may maintain sensitive Client and firm information. To determine criticality and therefore the required level of due diligence, the Advisor conducts an internal assessment of the service and data to be shared. In light of this information, the Advisor will determine what level of due diligence the firm requires and at what frequency.

The Advisor recognizes that, while processes can be outsourced, responsibility for performing due diligence of vendors and their practices lies with the Advisor. Varying degrees of due diligence are achievable with different vendors, and information is aggregated in line with this policy guideline as feasible.

B. Due Diligence

The Advisor engages new and potential vendors depending upon their risk profile and a determination of whether they meet the criteria of a Critical Vendor. As part of the Advisor's Vendor Management Program, all vendors have some degree of due diligence performed on both an initial and ongoing basis.

Initial Due Diligence

This process begins when the CCO is alerted to a new vendor by the firm personnel. In the event that the CCO determines comprehensive due diligence is required, he or she will send the vendor a formal due diligence request form ("DDQ"). In the event the CCO determines that there is little to no risk to the Advisor and its Clients as a result of its relationship with a vendor due to a lack of transference of data, or of low criticality, he or she may determine that ongoing due diligence is not necessary.

Efforts of due-diligence may include, but are not limited to:

- An in-depth interview with an authorized representative of the Vendor.
- A review of the adequacy of the written agreement governing the terms of the outsourcing arrangement which must clearly define material terms and detail corrective and exit strategy or transition provisions..
- If the Vendor is a regulated entity, the Advisor will require its reasonably available record of regulatory compliance.
- A review of the Vendor's reputation and financial status.
- A review of the Vendor's business continuity plan and the ability to resume services in the event of a disaster.
- A review of the effectiveness of the Vendor's privacy and confidentiality controls in regard to the information provided to the Advisor.

Ongoing Due Diligence

Once initial due diligence has been conducted, the Advisor will implement the following steps annually:

- Review criticality and performance. This process involves direct communication with personnel responsible and utilizing vendor services. This process assists the CCO in determining priorities for vendor management activities.
- Review existing Service Level Agreements for terms of privacy, confidentiality, and data management. For vendors who retain firm information, the CCO examines terms of data ownership, transference, destruction, and termination.
- Aggregate updated control reporting, such as SSAE-16 and SOC1 & 2 documentation, as available.
- Review Information Security Policies and Business Continuity Plans, as feasible.
- Verify contact information, representatives, customer support, and business continuity contacts.
- Issue a DDQ for updating or review relevant details depending on the accessibility of the vendor where feasible.
- Consider the appropriate steps for termination and transition.

C. Additional Considerations and Limitations

The Advisor recognizes that business requirements may change as may the ownership and operational methods of vendors. Such changes may trigger an as-needed review of a vendor's capabilities and the procedures mentioned above. The Advisor may also reissue its DDQ or attempt to validate detailed information on an as-needed basis.

The Advisor understands that not every vendor will respond to its DDQ or that a specific vendor may not meet the Advisor's security requirements. In these instances, the CCO will work with the data or process owner to perform a risk/reward analysis with respect to the specific vendor. Such an analysis may include:

- business need/criticality;

- minimum standards of care;
- the difficulty of sourcing an alternate vendor; and
- breach risk.

The Advisor will make a reasonable effort to obtain an understanding of the business and its practices and will document its rationale for maintaining a relationship with a non-conforming vendor and will make reasonable efforts to include such a vendor in its ongoing due-diligence process.

9. ERISA Policies and Procedures

A. Overview
In order to enter into client-directed brokerage arrangements without violating ERISA, the Advisor has the following policies in place:

- Advisory Agreements - special language is included in the Advisory Agreement to ensure both parties understand their obligations;
- Reporting and Disclosure - the Advisor understands that there are certain reporting obligations undertaken by the plan and certain disclosure obligations for the Advisor;
- Gifts and Entertainment - the Department of Labor has laid out restrictions on the plan's ability to accept gifts and entertainment; and
- Trading - there are several rules regarding types of trades that can be conducted and with whom.

If the Advisor or any of its Supervised Persons violate any of the standards imposed by ERISA, they will be personally liable to reimburse the plan for any losses resulting from the violation. This would also include reimbursing the plan for any income loss as a result of breaching the Advisor's fiduciary duty. The Advisor will impose appropriate disciplinary actions for any violations to ERISA laws.

B. Advisory Agreements
It is standard practice to require new Clients to complete forms designed to determine their ERISA status and document any particular requirements that may apply to their account, including information necessary to avoid prohibited transactions and/or ensure the availability of needed exemptions.

With respect to any client-directed brokerage arrangement, the Client generally will be required to represent that the direction of its account to a specified broker and the brokerage commission rate (i) are in the best interest of the account; (ii) are for the exclusive purpose of providing benefits to participants and beneficiaries of the plan; and (iii) are not, and will not cause the account to be engaged in, a prohibited transaction. The Client will generally also represent that it has determined, and will monitor the account to ensure, that the directed broker is capable of providing best execution for the account's brokerage transactions and that the commission rates that have been negotiated are reasonable in relation to the value of the brokerage and other services received. If referenced in the Advisory Agreement, any "soft dollars" arrangement must comply with the safe harbor standards under Section 28(e) of the Securities Exchange Act of 1934. The Advisor generally will agree to be bonded as required under ERISA, unless the Client agrees to cover this obligation.

C. Reporting and Disclosure
Advisors to ERISA accounts have certain disclosure obligations and certain responsibilities to assist the underlying ERISA plans with their annual reporting obligations. For example, ERISA plans must report annually on the assets held in plan asset funds in which they invest.

<u>Compensation Reporting</u>
Most ERISA plans must file a public report (Form 5500, Schedule C) showing all compensation received by service providers to the plan, including advisors of accounts in which the plan's assets are invested. Service providers, including the Advisor, to ERISA plans must provide information needed to comply with the plan's reporting obligations. This requirement applies to all investment accounts (other than funds that are treated as operating companies, such as VCOCs and REOCs) in which an ERISA plan holds an interest, whether or not assets of the account are deemed to be "plan assets"—including mutual funds as well as non-registered funds.

Advisors who want to avoid extensive and detailed public disclosure of fee-related information will generally try to make sure that ERISA plans receive a written disclosure satisfying these requirements. The disclosure can be set forth in existing documents (e.g., advisory agreement or an offering memorandum) as long as ERISA Clients are told which parts of the documents are intended to satisfy the requirements. The Advisor addresses this by providing the Plan with a 408(b)2 disclosure letter at the time of entering into an agreement and on an annual basis thereafter.

D. Gifts and Entertainment

ERISA prohibits a plan fiduciary from receiving consideration for his or her personal account from any party dealing with the plan in connection with a transaction involving assets of the plan. However, the Department of Labor's Enforcement Manual treats a gift, gratuity, meal, entertainment or other consideration with an aggregate value of less than $250 as insubstantial and not as an apparent violation of ERISA's prohibited transaction rules. Please refer to the Advisor's Code of Ethics for further information.

E. Trading

Party-in-Interest Transactions

A fiduciary that manages ERISA assets may not—unless an exemption applies—use those assets to engage in a sale or exchange, leasing of property, loan or extension of credit, or furnishing of goods, services or facilities, with any "party in interest" to an ERISA plan with an interest in those assets. A "party in interest" with respect to an ERISA plan includes any fiduciary of the plan, any person providing services to the plan, any employer whose employees are covered by the plan and any of certain affiliates.

Trades on Exchanges

Transactions executed on a national exchange are generally "blind" transactions, where neither party knows the identity of the other party. Blind transactions are not regarded as prohibited transactions and therefore do not require an exemption, even if it should turn out that the other party to the transaction is a party in interest.

Alternative Trading Systems

Transactions executed through certain alternative trading systems are designed to be blind transactions. The Department of Labor has stated that blind transactions executed through alternative trading systems are not prohibited transactions. However, the Department cautioned that fiduciaries using an alternative trading system for a blind transaction must be careful to make sure that the transaction is truly blind. There is a statutory exemption covering transactions placed through an electronic communication network or similar system, even if the transactions are not truly blind. Transactions may be placed for an ERISA plan through an electronic communication network or similar system if:

- The network or system is subject to federal regulation and oversight;
- The identities of the parties are not taken into account in the execution of trades;
- Rules are in place to match purchases and sales at the best price available;
- Price and compensation are at least as favorable as in an arm's length transaction; and
- A plan fiduciary is notified at least 30 days in advance of the first use of the network or system.

Under the exemption, electronic networks or similar systems may be used even with a party in interest to the ERISA plan that has an ownership interest in the network or system, as long as the network or system has been authorized for the plan's use by the plan sponsor or another independent fiduciary.

Affiliated Brokers

A fiduciary's selection of itself or an affiliated broker-dealer as a broker to place trades would generally be a prohibited transaction, because the fiduciary would be using its authority to cause an additional fee to be paid to itself or the affiliated broker-dealer. However, a commonly used class exemption, PTE 86-128, provides a conditional exemption covering use of an affiliated broker, as long as the trades are not excessive in either amount or frequency.

Cross-Trades

Because of the conflict of interest restrictions in Section 406(b)(2) of ERISA, the Department of Labor takes the view that an advisor can enter into cross-trades, i.e., trades between an ERISA account and another account it manages, only if an explicit exemption is available. Cross-trades typically must be avoided, because of the difficulty of using available exemptions. Arranging a cross-trade through a broker, or through two cooperating brokers, is

likewise not permitted. However, two exemptions are available, each subject to several conditions. The exemptions each require advisors to provide fiduciaries of participating ERISA plans with written policies governing the manager's cross-trading program.

The exemption most frequently used by the Advisor is covered by a statutory exemption at Section 408(b)(19) of ERISA. The exemption covers only securities for which market quotations are readily available. Generally, the exemption requires an advisor (i) to develop policies and procedures to govern cross-trades, (ii) to obtain the consent of clients to participate in the cross-trading program, after providing full disclosure, (iii) to carry out any cross-trades in accordance with its policies and procedures, and (iv) to provide quarterly reports and carry out an annual compliance review.

ERISA-Restricted Securities

Certain securities, by their terms, are prohibited for purchase or holding by or transfer to benefit plan investors, and are appropriately described as "ERISA-restricted." Such restrictions are often imposed in connection with the issuance of securities by a special purpose vehicle or trust where the security is thought to have significant equity features. Generally, issuers may impose ERISA restrictions out of a concern that the purchase or holding of the security by ERISA plans may subject the issuer and its affiliates to the fiduciary and prohibited transaction requirements of ERISA. Blanket ERISA restrictions are most often seen in fixed-income securities, particularly with respect to certain types of loan participation notes.