CAPTRUST

Registered Investment Adviser (RIA) Procedures Manual

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CAPTRUST

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1. INTRODUCTION

This RIA Procedures Manual is specifically tailored to CAPTRUST Financial Advisors (the "Firm") and its investment advisory activities. These procedures establish a system of supervision and controls designed to ensure compliance with applicable securities laws, rules, and regulations. These procedures will govern the supervision of the Firm's investment advisory business until such time as they are amended.

1.1 Terms and Abbreviations

The following terms, abbreviations, and phrases may be used throughout these procedures:

- "CAPTRUST" "we," "us," "our," or "the Firm" means CAPTRUST Financial Advisors, a registered investment adviser.
- "Advisory Representative" refers to an individual registered with the Firm as an investment adviser representative. An individual who performs investment advisory functions but is exempt from registration as an investment adviser representative is also considered an Advisory Representative.
- "RIA" or "registered investment adviser" refers to a legal entity registered as an investment adviser.
- "investment adviser" is an abbreviated form of "registered investment adviser." To avoid confusion, these procedures will use the term "investment adviser" to refer only to a legal entity, and not to individuals who are investment adviser representatives.
- "CCO" is an abbreviation for Chief Compliance Officer and refers to Denise Buchanan or any other individual authorized to act on her behalf. The CCO is ultimately responsible for the Firm's compliance program and has the authority to delegate certain tasks and responsibilities to other qualified individuals.
- "Compliance Department" refers to the department of the Firm responsible for compliance with all laws, rule, and regulations applicable to its business as a registered investment adviser. The Compliance Department is headed by the CCO.
- "Designated Supervisor" refers to a supervisor or qualified designee who has been made responsible for performing a function described in these procedures.

- "employee" refers to any individual performing operational, compliance, supervisory, or other functions in relation to the Firm's investment advisory business. Advisory Representatives are considered employees, even if they are treated as independent contractors for tax purposes.
- "Supervised Person" refers to a partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of the Firm, as well as any other person who provides advice on behalf of the Firm and is subject to the supervision and control of the Firm. Advisory Representatives and employees are Supervised Persons of the Firm.
- "Access Person" refers to any individual associated with the Firm who has access to information related to the trading practices or securities holdings of clients. All Advisory Representatives are Access Persons. Employees and Supervised Persons who are not Advisory Representatives may be deemed Access Persons depending on the functions they perform for the Firm.

1.2 Duty to Review and Comply with Procedures

All Advisory Representatives and Supervised Persons of the Firm have the duty to make certain that all laws, regulations, rules, and policies applicable to the Firm's business are observed in the office(s) where they are employed, which consequently obligates such persons to be familiar with and to remain current concerning the Firm's policies and procedures. Each Advisory Representative must fully comprehend and be thoroughly familiar with these procedures before conducting any business on behalf of the Firm.

1.3 Updates and Amendments

This RIA Procedures Manual will be periodically updated and amended as needed based on material changes or amendments to corresponding rules. The Firm may deliver updates to its Supervised Persons electronically in the form of replacement pages or sections. Paper copies of all compliance policies and procedures are available upon request. Advisory Representatives are responsible for reviewing all updates and amendments immediately upon receipt.

1.4 Memoranda and Notices

The Firm may periodically deliver a memorandum or similar notice to Supervised Persons in an effort to provide clarification or guidance concerning the Firm's policies and procedures. Supervised Persons are expected to read each memorandum and adhere to any mandate contained therein. Each memorandum is considered a part of

the Firm's written supervisory procedures. Consequently, failure to follow instructions contained in a memorandum will be deemed a violation of the Firm's procedures.

1.5 Enforcement of Procedures

Failure to follow the Firm's policies and procedures may result in internal disciplinary action, which may include fines, suspensions, and/or termination. The Firm reserves the right to reflect any violation of its policies and procedures on a Supervised Person's Form U-5. The Firm, through its CCO, is committed to implementing and enforcing these procedures.

1.6 Exceptions to the Procedures

From time to time, situations may arise where it is appropriate to deviate from the procedures found in this manual. For example, an exception may be warranted when strict adherence to the procedures in this manual would be to the detriment of the client and a deviation from the procedures would actually benefit the client. Deviations from required procedures will be permitted only with the approval of the CCO. Approvals will be documented, along with information concerning the rationale for the deviation. In no case will an approval except or excuse any supervised persons from compliance with any law, rule, or regulatory requirement.

1.7 Confidential Nature of Procedures

This Procedures Manual must be treated as a confidential internal document. This Procedures Manual belongs to the Firm and should be returned to the Firm by Supervised Persons in the event of their termination of employment.

1.8 Questions and Feedback

Because this Procedures Manual cannot possibly cover every detail of the Firm's investment advisory business, Supervised Persons are required to consult with a Designated Supervisor or the Compliance Department if they have a question about something not covered in the written procedures. The Firm values the feedback of its Supervised Persons and encourages them to notify the Compliance Department not only if they have questions but also if they have suggestions for improving the Firm's written policies and procedures.

2. Duties of the Chief Compliance Officer and Supervisory Personnel

2.1 Designation of Chief Compliance Officer

The Firm has designated Denise Buchanan as its CCO. Under SEC Rule 206(4)-7, every investment adviser must designate a chief compliance officer to administer its compliance policies and procedures. The chief compliance officer should be competent and knowledgeable regarding federal securities laws and should be empowered with full responsibility and authority to develop and enforce appropriate policies and procedures. The chief compliance officer must have full responsibility for all compliance personnel as well as overall responsibility for the investment adviser's compliance program. Thus, the chief compliance officer must be vested with sufficient seniority and authority within the organization to implement and enforce compliance policies and procedures. The Firm has deemed Denise Buchanan qualified to serve as its CCO.

2.2 Duties of the Chief Compliance Officer

The CCO is responsible for ensuring adequate supervision over the activities of all persons who act on the Firm's behalf. The CCO's specific duties include, but are not limited to, the following:

- Establishing procedures that are reasonably designed to prevent and detect violations of the law by the Firm's advisory personnel;
- Analyzing the Firm's operations and creating a system of controls to ensure compliance with applicable securities laws and regulations;
- Ensuring that all advisory personnel fully understand the Firm's policies and procedures;
- Establishing an adequate review system designed to provide reasonable assurance that the Firm's policies and procedures are effective and being followed; and
- Ensuring that each Designated Supervisor has reasonably discharged his supervisory responsibilities in accordance with the procedures.

2.3 Annual Review of Compliance Policies and Procedures

The CCO must review, at least once annually, the adequacy of the established compliance policies and procedures and the effectiveness of their implementation. The review should consider, at a minimum, the following:

- Any compliance matters that arose during the previous year;
- Any changes in the business activities of the Firm or its affiliates; and
- Any changes in the Investment Advisers Act of 1940 or applicable regulations that might suggest a need to revise the policies or procedures.

Although this review is required annually, the CCO may choose to perform components of it throughout the year in an effort to minimize the burden on the Firm's compliance personnel and resources.

2.4 Supervisory Systems

The Firm will establish and maintain a system to supervise the activities of its Advisory Representatives and Supervised Persons. At a minimum, the Firm's internal supervisory system will require the Firm to:

- Establish and maintain written procedures;
- Designate one or more qualified persons to supervise the Firm's investment advisory business;
- Assign each Supervised Person to a qualified supervisor who is responsible for supervising the Supervised Person's activities;
- Make reasonable efforts to ensure that each person with supervisory responsibility is qualified through experience or training to carry out such supervisory duties; and
- Designate and specifically identify each supervisor who will review the Firm's supervisory systems, procedures, and internal inspections.

2.5 General Responsibilities of Supervisory Personnel

The Firm regards supervision as a critical focus area for remaining compliant in its investment advisory business activities and operations. The Designated Supervisors responsible for the supervision of others must diligently supervise the activities and individuals under their immediate supervision. The Firm has created and will maintain

an internal supervisory structure that details the role and responsibilities of each Designated Supervisor.

2.5.1 Delegation of Responsibilities

If a Designated Supervisor is unable to perform certain supervisory or approval obligations, he may delegate such supervisory responsibilities to another person so long as the person is qualified and appropriately registered. Upon delegation, the Designated Supervisor should ensure that each person understands the assigned responsibility. The Designated Supervisor must then review and assess the performance of each person assigned a responsibility. Formal delegations of responsibilities will be documented in writing and include the names, tasks, and dates of delegation. Examples of functions that may be delegated to qualified individuals include, but are not limited to, the following:

- Preparing and updating written policies and procedures on behalf of the Firm;
- Conducting compliance training for new and existing employees;
- Performing risk assessments;
- Drafting procedures to document the monitoring and testing of compliance through internal audits; and
- Implementing any policies needed to ensure that training and internal assessment procedures are updated to reflect changes in applicable laws and regulations.

2.5.2 Roles of the Designated Supervisor

The Designated Supervisor serves many critical roles at the Firm, the most important of which are described below:

- The Designated Supervisor sets standards for Advisory Representatives and other Supervised Persons who participate in the Firm's investment advisory business.
- The Designated Supervisor inspires Advisory Representatives to adhere to the Firm's internal standards as they work toward achieving their individual goals and the Firm's business objectives.
- The Designated Supervisor serves a teaching role with respect to the Firm's investment advisory activities.

2.6 Supervision of Third-Party Managers

The Designated Supervisor is responsible for monitoring any third-party manager ("Investment Manager") utilized by the Firm or to whom the Firm refers clients. The Firm's supervisory obligations with respect to a particular Investment Manager depend on the facts and circumstances of the arrangement. The Firm will consider the following areas when assessing the degree to which it must supervise an Investment Manager:

- **Contractual Obligations** – At a minimum, the Firm must supervise the Investment Manager in accordance with the provisions and contractual obligations found in an agreement (for example, a sub-advisory agreement). The written representations found in the Firm's advisory agreements with clients and in the Firm's written disclosure documents may create other contractual obligations to supervise Investment Managers.
- **Implied Obligations** – In cases where the an agreement does not fully set forth the supervisory responsibilities of the Firm, the Designated Supervisor will carefully evaluate the arrangement with the aim of identifying any supervisory obligations that are not expressly stated in the agreement but are implied by the nature of the arrangement.
- **Fiduciary Duty** – In addition to considering the express and implied supervisory obligations, the Designated Supervisor should identify any supervisory obligations that emanate from the Firm's fiduciary duty to manage client affairs with prudence and due care.
- **Business Expectations** – The Designated Supervisor will consider the need to supervise an Investment Manager in a manner that goes beyond the Firm's legal duty. This additional level of supervision, if warranted, should be designed to monitor how well the Investment Manager is meeting the business expectations of the Firm and its clients.

2.6.1 Guidelines for Conducting Due Diligence of Investment Managers

Before entering into an agreement with an Investment Manager, the Firm will perform due diligence of the Investment Manager. The degree of due diligence performed by the Firm may vary based on the perceived risk of the Investment Manager. In performing due diligence, the Designated Supervisor may ask for copies of, or get a written explanation of, the following items related to the Investment Manager:

- **Basic Firm Information –** Brief history, structure, size, lines of business, registrations, personnel turnover, etc.

- **Compliance System** – Is the Investment Manager's compliance system computerized or manual? How frequently are reviews performed? Who is the chief compliance officer and what is his or her background? How often does the Investment Manager conduct compliance training? If the Investment Manager had any compliance audits, what were the results?
- **Internal Policies, Procedures, and Guidelines** – The Investment Manager's policies and procedures concerning proxy voting, best execution, brokerage allocation, soft dollars, directed brokerage, valuation, trade error, and any other area that would affect the Investment Manager's relationship with the Firm and its accounts.
- **Other Policies and Procedures –** Is the Investment Manager also a broker-dealer or bank that is subject to other procedures that could affect the relationship?
- **Code of Ethics**
- **Insider Trading Policy**
- **Form ADV (including Part 2A)** – All disclosure documents should be reviewed.
- **List of the Investment Manager's Service Providers** – This includes lawyers, accountants, consultants, as well as any other significant business relationships (*e.g.,* sub-advisory relationships, wrap program sponsors).
- **Copies of Regulatory Correspondence –** All correspondence for the last five years with the SEC or other regulatory authorities pertaining to compliance inspections or examinations (including deficiency letters and responses), compliance matters, and any actual, potential, or alleged regulatory violations.
- **Summary of Material Legal Threats –** Inquiries, investigations, or actions (including private, administrative, regulatory, or other) from the last five years involving alleged legal, compliance, regulatory, or other violations, where the complaining party is the SEC, any other regulatory authority or self-regulatory organization, a customer or client, a shareholder or similar beneficiary of an advised account, or another party acting in the interest of any such parties.

The Designated Supervisor has the authority to decide which items to review as part of the Firm's due diligence of an Investment Manager. If the Investment Manager objects to providing any of the items listed above, the Designated Supervisor should treat it as a red flag and inquire thoroughly into the nature of the objection. The Investment Manager might have a legitimate concern justifying its objection. If the objection relates

to a matter of confidentiality, the Firm should consider entering into a confidentiality or nondisclosure agreement with the Investment Manager.

2.6.2 Guidelines for the Ongoing Supervision of Investment Managers

The Firm's supervision of an Investment Manager could include, among other things, the following:

1. Periodically requesting and inspecting the items reviewed during the initial due diligence;
2. Requiring the Investment Manager to forward, on an annual basis, a current copy of its Form ADV Part 2A (or other disclosure documents) to the Firm for review.
3. Requiring the Investment Manager to provide the Firm with an annual certification of compliance with the Investment Manager's policies and procedures;
4. Conducting periodic meetings with compliance personnel of the Investment Manager;
5. Requiring the Investment Manager to provide notice of regulatory examinations and copies of any exam reports, as well as a description of how the Investment Manager addressed any compliance deficiencies;
6. Following up on any "red flags" involving the Investment Manager;
7. Reviewing the results of any best execution reviews or other compliance testing performed by the Investment Manager;
8. Periodically reassessing the Firm's supervisory procedures applicable to the Investment Manager in light of:
   - changes in a Investment Manager's investment strategy or portfolio managers;
   - significant changes in the sub-adviser's business;
   - material changes in market conditions;
   - regulatory developments, or
   - any other event likely to have a significant effect on the Investment Manager's operations.

The supervisory activities enumerated above are meant to serve as guidelines for the Designated Supervisor. The Firm's supervision of any particular Investment Manager will be determined by the Designated Supervisor, who is granted authority to utilize any means of supervision that is reasonable designed to monitor the Investment Manager.

3. FIDUCIARY STANDARD

As an investment adviser, the Firm has a fiduciary duty to its clients that requires more than honesty and good faith alone. The Firm's fiduciary responsibilities impose on its Advisory Representatives an affirmative duty to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the Firm's interests may conflict with the client's interests. It means that the Firm has an affirmative duty of loyalty to its clients. In plain English, the Firm and its Advisory Representatives must always act in the best interests of clients and deal fairly with them.

3.1 Fiduciary Principles

Both the Firm and its Advisory Representatives are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. In accordance with their affirmative duty of utmost good faith to act solely in the best interest of clients, Advisory Representatives must adhere to the following fiduciary principles:

3.1.1 Disinterested Advice

The Firm and its Advisory Representatives must provide advice that is in the client's best interest. Neither the Firm nor any of its Supervised Persons may place their interests ahead of any client's interests under any circumstances.

3.1.2 Written Disclosures

The Firm's written disclosure brochures and the Firm's advisory agreement must include language detailing all material facts regarding the Firm, the advisory services rendered, compensation, and conflicts of interest. It is the responsibility of the Designated Supervisor to establish procedures designed to ensure that all clients are provided with these documents and that they contain the proper disclosure language.

3.1.3 Oral Disclosures

Where circumstances may require oral disclosures to be provided to clients, the Designated Supervisor should determine the proper manner in which to phrase or otherwise make such disclosures and establish procedures for monitoring compliance.

3.1.4 Disclosure of Conflicts of Interest

Advisory Representatives must disclose any potential or actual conflicts of interest when dealing with clients. For example, if investment advice includes recommendations for transactions that would be executed through the Firm or an affiliate of the Firm, then the advice given would be subject to a potential conflict of interest that needs to be disclosed.

3.1.5 Avoidance of Self-Dealing

An Advisory Representative must avoid conduct that gives the appearance that he has placed the interests of himself, the Firm, or an affiliate over the interests of the client.

3.1.6 Confidentiality

Client records and financial information must be treated with strict confidentiality. Under no circumstances should any confidential information be disclosed to any third party that has not been granted a legal right from the client to receive such information.

3.1.7 Avoidance of Fraud and Deception

Engaging in any fraudulent or deceitful conduct with clients or potential clients is strictly prohibited. Examples of fraudulent conduct include, but are not limited to, misrepresentation, nondisclosure of fees, and misappropriation of client funds.

3.1.8 Following Client Guidelines

Advisory Representatives must manage each account in accordance with the guidelines set by the client. Care must be taken to study and follow any particular guidelines agreed to with the client, including restrictions on types of securities to be included in the portfolio or strategies to be preferred or avoided.

3.1.9 Consistency with Investment Strategies

Advisory Representatives must be conscious of the requirement to review and evaluate their investment recommendations and decisions so that they will at all times remain consistent with the strategies and guidelines by which the Firm has generally or specifically agreed to with those clients. Advisory Representatives should endeavor to follow the practice of asking and checking with the client in any cases where a proposed recommendation or decision may be perceived as inconsistent.

3.1.10 Other Fiduciary Obligations

The Firm and its Advisory Representatives are subject to these additional fiduciary duties when dealing with clients:

- The duty to have a reasonable, independent basis for investment advice;

- The duty to obtain best execution for a client's securities transactions if the Firm determines or recommends the broker-dealer used;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances; and
- A duty to be loyal to clients.

3.2 Fiduciary Duties under State Law

Most states have statutes that impose fiduciary obligations on investment advisers registered under their laws or otherwise doing business in their state. In some cases, state laws can differ from the SEC's rules. The Designated Supervisor is responsible for ensuring compliance with the fiduciary obligations imposed by each state in which the Firm conducts business.

3.3 Fiduciary Duties under ERISA

Under the Employee Retirement Income Security Act ("ERISA"), a fiduciary is any person who:

1. exercises discretionary authority or control involving the management or disposition of plan assets;
2. renders investment advice for a fee; or
3. has any discretionary authority or responsibility for the administration of the plan.

Where the Firm and its Advisory Representatives act as a fiduciary under ERISA, they must:

1. act solely in the interests of the participants and their beneficiaries;
2. act with the care, skill, prudence, and diligence that a prudent man would use in the same situation;
3. diversify plan investments in an attempt to reduce the risk of large losses unless it is clearly prudent not to do so; and
4. act according to the terms of the plan documents, to the extent the documents are consistent with ERISA.

4. Code of Ethics

SEC Rule 204A-1 under the Investment Advisers Act requires the Firm to adopt a code of ethics that sets forth the standard of business conduct that is required of all its Supervised Persons. The Firm's code of ethics sets out ideals for ethical conduct grounded in the fundamental principles of openness, integrity, honesty, and trust. The code of ethics is designed to effectively convey to employees the value the Firm places on ethical conduct, and it challenges Supervised Persons to live up not only to the letter of the law but also to the ideals of the organization. All Supervised Persons are reminded that, in addition to being subject to the policies and procedures set forth in this manual, they are also subject to the Firm's code of ethics. The code of ethics is attached as Exhibit 1.

4.1 Definition of Access Person

The specific provisions and reporting requirements of the Firm's code of ethics are concerned primarily with those investment activities of the Firm's Access Persons, as defined below.

> "Access Person" means any general partner, officer, or director of the Firm or any employee of the Firm who: (i) *has access to nonpublic information regarding any client's purchase or sale of securities*, or *non-public information regarding the holdings of any client;* or (ii) *is involved in making securities recommendations to clients or has access to such recommendations that are non-public.*

So long as the Firm's primary business is providing investment advice, all of the Firm's directors, officers, and partners will be presumed to be Access Persons.

4.2 General Conditions of the Code of Ethics

One goal of the code of ethics is to allow the Firm's Access Persons to engage in personal securities transactions while protecting advisory clients, the Firm, and its Access Persons from conflicts that could result from a violation of securities laws or from real or apparent conflicts of interests. While it is impossible to define all situations that might pose such a risk, the code of ethics is designed to address those circumstances where such risks are likely to arise.

Adherence to the code of ethics and the related restrictions on personal investing is considered a basic condition of employment for Access Persons. If there is any doubt as

to the propriety of any activity, Access Persons should consult with the CCO. The CCO may rely upon the advice of legal counsel or outside compliance consultants.

In general, the code of ethics requires all Supervised Persons to:

- Act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, employers and employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the interests of clients, the interests of their employer, and the integrity of the investment profession above their own personal interests;
- Practice and encourage others to practice in a professional and ethical manner that will reflect positively on themselves and the profession;
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals;
- Promote the integrity of, and uphold the rules governing, global capital markets;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.

4.3 Required Content of the Code of Ethics

The CCO will ensure that the code of ethics contains the following content required by SEC Rule 204A-1:

1. standards of business conduct required of Supervised Persons;
2. provisions requiring Supervised Persons to comply with applicable federal securities laws;
3. provisions that require all Access Persons to report certain personal securities transactions for review on a quarterly basis, and holdings on an annual basis, to the Firm;
4. provisions requiring Supervised Persons to report any violations of the code of ethics promptly to the CCO or Designated Supervisor; and
5. provisions requiring the Firm to provide each Supervised Person with a copy of the code of ethics and any amendments, and requiring Supervised Persons to provide the Firm with a written acknowledgment of their receipt of the code of ethics (and any amendments).

The CCO is responsible for approving the code of ethics, ensuring that all required elements are contained therein, and addressing any conflicts.

4.4 Reportable Securities

It is the responsibility of each Access Person to determine whether a particular securities transaction being considered for his personal account or any other account in which he has a beneficial interest is reportable under the code of ethics or is otherwise prohibited by any applicable laws.

All securities are reportable securities, with five exceptions designed to exclude securities that appear to present little opportunity for the type of improper trading that the transaction and holding reports are designed to uncover. The exceptions are as follows:

1. transactions and holdings in direct obligations of the United States government;
2. money market instruments—bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements, and other high quality short-term debt instruments;
3. shares of money market funds;
4. transactions and holdings in shares of other types of mutual funds, unless the Firm or a control affiliate acts as the investment adviser or principal underwriter for the fund; and
5. transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

Access Persons are required to report all transactions in reportable securities on a quarterly basis within 30 days of the quarter's end.

4.5 Applicability of Reporting Requirements

The code of ethics applies to all accounts of an Access Person in which he has a direct or indirect beneficial interest. These accounts are referred to as personal accounts. It is important to note that the code of ethics applies to any account maintained by or for:

- An Access Person's current spouse (not legally separated or divorced from the Access Person) and minor children;
- Any individuals who live in the Access Person's household and over whose purchases, sales, or other trading activities the Access Person exercises control or investment discretion;
- Any persons to whom the Access Person provides primary financial support, and either (i) whose financial affairs the Access Person controls or (ii) for whom the Access Person provides discretionary advisory services.

- Any trust or other arrangement which names the Access Person as a beneficiary and/or the Access Person as trustee. It does not include any account for which an Access Person serves as trustee of a trust for the benefit of (i) a person to whom the Access Person does not provide primary financial support, or (ii) an independent third party.
- Any partnership, corporation, or other entity of which the Access Person is a director, officer, or partner or in which the Access Person has a 25% or greater beneficial interest, or in which the Access Person owns a controlling interest or exercises effective control.

4.5.1 Personal Accounts of Other Access Persons

A personal account of one Access Person that is managed by a second Access Person is considered a personal account to the second Access Person only if he has a beneficial ownership in the personal account. Without beneficial ownership, the account is considered a client account with respect to the Access Person managing the account.

4.5.2 Solicitors and Consultants

Non-employee solicitors or consultants are not subject to the code of ethics unless the solicitor or consultant, as part of his duties on behalf of the Firm, (i) makes or participates in the making of investment recommendations for the Firm's clients, or (ii) obtains information on recommended investments for the Firm's clients.

4.6 Initial, Annual, and Quarterly Reporting

Access Persons must submit the following reports to the Firm:

4.6.1 Initial Holdings Report

Within 10 days of becoming an Access Person, Access Persons are required to provide the Designated Supervisor with an initial holdings report that contains, at a minimum, the following:

1. Disclosure of all of the Access Person's current securities holdings with the following content for each reportable security of which the Access Person has any direct or indirect beneficial ownership:
   - title and type of reportable security
   - ticker symbol or CUSIP number (as applicable)
   - number of shares
   - principal amount of each reportable security

2. The name of any broker, dealer, or bank with which the Access Person maintains an account in which he has any direct or indirect interest;
3. The date upon which the report was submitted.

Information contained in the initial holdings reports must be current and dated no more than 45 days prior to the date of submission. Generally, positions and holdings are contained within account statements, and delivery of the account statements will suffice for reporting purposes.

4.6.2 Annual Holdings Report

All Access Persons must also provide annual holdings reports of all current reportable securities holdings at least once during each 12-month period.

4.6.3 Quarterly Transaction Reports

Access Persons must also provide quarterly securities transaction reports for each transaction in a reportable security of which the Access Person had, or as a result of the transaction acquired, any direct or indirect beneficial ownership. Such quarterly transaction reports must include the following information:

- Date of transaction;
- Title of reportable security;
- Ticker symbol or CUSIP number of reportable security (as applicable);
- Interest rate or maturity rate (if applicable);
- Number of shares;
- Principal amount of reportable security;
- Nature of transaction (*e.g.*, purchase or sale);
- Price of reportable security at which the transaction was effected;
- The name of the broker, dealer, or bank through which the transaction was effected; and
- The date upon which the Access Person submitted the report.

Access Persons must submit a quarterly transaction report no later than 30 days after the end of each quarter.

4.7 Exceptions from Reporting Requirements

Exceptions from the reporting requirements are described below:

1. No report is required with respect to securities held in any personal account over which the Access Person has (or had) no direct or indirect influence or control;
2. Transaction reports are not required to be submitted with respect to any transactions effected pursuant to an automatic investment plan (although holdings need to be included on initial and annual holdings reports);
3. Transaction reports are not required if the report would duplicate information contained in broker trade confirmations or account statements that the Access Person has already provided to the Firm, provided that such broker trade confirmations or account statements are provided to the Firm within 30 days of the end of the applicable calendar quarter. This paragraph has no effect on an Access Person's responsibility related to the submission of initial and annual holdings reports. An Access Person that would like to avail himself of the exemption should:
    - Ensure that the content of broker confirmations or account statements for any personal accounts meets the content required for quarterly transaction reports; and
    - Inform the Designated Supervisor that he would like to avail himself of this compliance option and provide the Designated Supervisor with the following for each of his personal accounts: name of institution; address of institution; name of contact at institution; identification numbers for personal accounts held at institution; and name of personal accounts held at institution.

4.8 Pre-Clearance of Transactions in Personal Accounts

An Access Person must obtain prior written authorization from the Designated Supervisor before directly or indirectly acquiring beneficial ownership in a security in a private placement or offering of securities exempt from registration under the Securities Act of 1933. A request for pre-clearance must be made by completing a pre-clearance form sufficiently in advance of the contemplated transaction.

4.9 Initial Public Offerings

The Firm prohibits Access Persons from directly or indirectly acquiring beneficial ownership in a security in an initial public offering without prior written authorization.

5. Personnel, Licensing, and Registration

5.1 Firm Registration Requirements

The Firm has registered, and will continue to be registered, as an investment adviser based upon the fact that it is engaged in the business of managing client assets, providing investment advice, and making investment recommendations. Section 203A(a) of the Investment Adviser Act was amended to prohibit, with limited exceptions, an investment adviser from registering with the SEC if the investment adviser has assets under management less than $100 million. Investment advisers to registered investment companies must maintain registration with the SEC.

5.1.1 Assets under Management

The Designated Supervisor will monitor assets under management to ensure that the Firm remains qualified to maintain its current registration status. When calculating assets for purposes of determining the proper regulatory authority, the Firm will count assets as being under its management only if they are in securities portfolios with respect to which the Firm provides "continuous and regular supervisory or management services." The following client accounts fall within this category:

- discretionary accounts; and
- non-discretionary accounts in which the Firm has ongoing responsibility to select or make recommendations, based upon the needs of the client, as to specific securities or other investments the account may purchase or sell, and, if such recommendations are accepted by the client, the Firm is responsible for arranging or effecting the purchase or sale.

The Designated Supervisor will deem the Firm to not provide "continuous and regular supervisory or management services" over an account when it:

- provides market timing recommendations (*i.e.*, to buy or sell), but has no ongoing management responsibilities;
- provides only impersonal investment advice (*e.g.*, market newsletters);
- makes an initial asset allocation, without continuous and regular monitoring and reallocation; or
- provides advice on an intermittent or periodic basis, such as upon client request, in response to a market event, or on a specific date (*e.g.*, the account is reviewed and adjusted quarterly).

5.1.2 Registration and Notice Filing

The Firm will use the IARD system to apply for registration, amend its registration, withdraw from registration, and transmit notice filings to states in accordance with SEC and state requirements.

Since the Firm is registered with the SEC, it will be required to make "notice" filings in certain states. As a general rule, the Firm will be required to make these notice filings only in states where it has more than 5 clients or it has an office. Because this is a general rule and some states may have more stringent registration requirements, the Designated Supervisor should always refer to the requirements of the specific state when assessing the need to notice file there. The Designated Supervisor will ensure that the Firm is at all times properly registered and licensed as required by applicable federal and state rules and regulations.

5.1.3 Withdrawal from SEC Registration

If at any time the Firm is required to withdraw from registration with the SEC, it will do so by filing electronically the Form ADV-W through the IARD. The withdrawal will be effective upon filing. The Form ADV-W will permit the Firm to request "partial withdrawal" to omit certain items that are not required from the Firm if it is continuing in the business as a state-registered investment adviser.

5.2 Registration of Investment Adviser Representatives

Most states require investment advisers to file registration statements for their investment adviser representatives on Form U-4 through the IARD system. The Designated Supervisor is responsible for reviewing the functions of each Supervised Person to determine whether such Supervised Person meets the definition of "investment adviser representative." Generally, only those supervised persons who give advice to individual investors will have to register as an investment adviser representative with a state.

The Designated Supervisor will check each state's laws prior to deciding whether a Supervised Person who is an "investment adviser representative" is required to register with a particular state and whether exemptions under state law are available. Generally, each Advisory Representative, absent a state law exemption, must register in:

- the state where he or she is located; and
- the other state(s) where he or she meets with clients on a regular basis.

Note*:* Some states require third party solicitors (*i.e.*, individuals who solicit advisory clients for the Firm but who are not employed by the Firm or subject to the Firm's

control) to register as an "investment adviser representative" if they are in the state or if they solicit clients in the state, even if they do not have a place of business there and even if the clients are all entities or wealthy individuals.

5.2.1 Advisory Representative Registration Responsibilities

Each Advisory Representative must notify the Designated Supervisor in a timely manner of a change in:

- job responsibilities that may affect his or her licensing status or requirements; or
- home address, a married name (versus a maiden name), a disciplinary matter, or any other events that may require an amendment to his Form U-4.

The Designated Supervisor will arrange for the filing of the appropriate amendments to Form U-4 and any other registration documents in response to a change of status for an Advisory Representative.

5.2.2 Dual Registration

The Firm will not permit dual registration with another investment adviser firm without the prior written authorization of the Firm's CCO. All requests for dual registration must be in writing.

5.2.3 Registration with Other Entities

Supervised Persons must obtain the prior written approval of the CCO before registering with other entities, including broker-dealers, commodity trading advisors, futures commission merchants, and insurance companies.

5.3 Employment Procedures

The Firm has established certain policies and procedures regarding the employment and termination process of its Advisory Representatives. For purposes of these procedures, the term "employment" encompasses all arrangements between the Firm and Supervised Persons, regardless of whether the Supervised Person is an employee or independent contractor for tax purposes. The following information provides a brief description of the Firm's policies and procedures as they relate to the employment process.

5.3.1 Uniform Application for Securities Industry Registration or Transfer (Form U-4)

It is the responsibility of each Advisory Representative to provide accurate and prompt information on his Form U-4. Advisory Representatives must report to the Firm any new

information that could require updates, amendments, or revisions on the Form U-4. The Designated Supervisor is responsible for determining if certain complaint or disciplinary incidents require an amendment to Form U-4.

5.3.2 Registration Records

The Designated Supervisor will ensure that all records of its registered persons are kept current at all times. The Designated Supervisor will amend records for its registered persons no later than thirty (30) days after discovery of an event or circumstance that requires an amendment. If such an event or circumstance is egregious enough to warrant a statutory disqualification, the Designated Supervisor will promptly file the amendment within ten (10) days.

5.3.3 Interview Process

The Designated Supervisor or other qualified supervisor will thoroughly interview all potential candidates for employment with the aim of obtaining a comprehensive overview of each potential employee. The interview process is designed to effectively address such issues as prior work history and relevant experience, disclosure of any customer complaints and/or regulatory actions in connection with a securities business, as well as any pending contractual or other obligations that may be material in consideration for employment.

5.3.4 Background and Due Diligence Review

The Designated Supervisor or other qualified supervisor will conduct an appropriate background review of each potential employee prior to making an application for registration on behalf of that individual with the Firm. If a prospective Advisory Representative is currently or was previously registered with an investment adviser, broker-dealer, commodity trading advisor, or futures commission merchant, the Firm will conduct an initial background review using the Central Registration Depository (CRD) system, FINRA BrokerCheck, the SEC's Investment Adviser Public Disclosure, or the National Future Association's Background Affiliation Status Information Center (BASIC). Prior to conducting a background review through the CRD system, the Designated Supervisor is required to obtain written authorization from the prospective employee.

The purpose of the background and due diligence review conducted through the CRD system and/or other means is to identify the existence of customer complaints, regulatory actions, or any other relevant material. For applicants currently or previously registered with a FINRA member firm, the Designated Supervisor will obtain a copy of the registered representative's Form U-5 from the applicant or the applicant's former

employer no later than sixty (60) days following the filing of the application to FINRA (if applicable).

5.3.5 Fingerprints

The Firm will obtain a properly completed fingerprint card for each Advisory Representative. The Designated Supervisor may require other Supervised Persons to submit fingerprints, depending on their functions with the Firm.

5.4 Termination Procedures

The following information provides a brief description of the Firm's policies and procedures as they relate to the termination process.

5.4.1 Uniform Termination Notice for Securities Industry Registration (Form U-5)

The Designated Supervisor is responsible for filing each Advisory Representative's Form U-5 with the CRD system within thirty (30) days of the date of termination. It is the responsibility of the Firm to ensure that all forwarding U-5 Forms are properly completed with all of the necessary and accurate information prior to sending such documents to CRD. In addition to forwarding the Form U-5 to CRD, the Firm is responsible for forwarding a copy of the Form U-5 to the former employee. The Designated Supervisor will determine if certain complaint or disciplinary incidents must be reported on the Form U-5.

5.4.2 Voluntary Termination

Advisory Representatives must immediately notify the Designated Supervisor if they decide to voluntarily leave the Firm. Regardless of the reason for termination, the Designated Supervisor must secure all required books and records from the Advisory Representative and, to the extent possible, ensure such records are not reproduced or removed from the Firm's premises.

5.4.3 Involuntary Termination

When an Advisory Representative is terminated due to a violation of internal policy, industry regulations, or unethical business practices, the CCO must be notified immediately of the specific reason(s) for the termination and any alleged or actual violations. Advisory Representatives who are terminated for cause may be asked to leave the premises immediately and not be permitted to return.

The notification regarding a termination for cause must be objective and fairly present the facts. Therefore, all U-5 Forms for individuals terminated for cause will be reviewed

by the CCO or his designee prior to submission to ensure all necessary information is included. Prior to or at the time of termination, the Designated Supervisor should secure all books and records of the Advisory Representative, especially if the Firm suspects he might remove or reproduce such records upon learning of his termination.

5.4.4 Account Reassignments

All accounts of a terminated Advisory Representative may be reassigned to other Advisory Representatives at the Firm's discretion. The reassignments should be done promptly so as to avoid any disruption to the management of a client's account. The Designated Supervisor will instruct all Advisory Representatives in receipt of new accounts resulting from a termination to refrain from discussing the termination with the client except to the extent necessary to convey that the terminated Advisory Representative is no longer with the Firm. If the client requests more information, the request should be forwarded to the Designated Supervisor for proper handling.

5.5 Statutorily Disqualified Personnel

As a result of a possible suspension or revocation of a license or registration (or other disqualifying event), some persons may be subject to statutory disqualifications pursuant to Section 3(a)(39) of the Securities Exchange Act of 1934. Although it is the Firm's general policy not to associate with individuals who are or have been statutorily disqualified, the Firm may elect to employ an individual subject to a statutory disqualification under exceptional circumstances and with the CCO's approval. Prior to employing a statutorily disqualified person, the CCO must first assess whether the Firm's association with the individual is permissible. This assessment is best made by a securities attorney. Section 203(f) of the Investment Advisers Act makes it unlawful for an investment adviser to associate with a statutorily disqualified person unless the SEC formally consents to the association.

6. General Conduct

6.1 Gifts and Entertainment

Advisory Representatives are prohibited from accepting anything of value that might influence their investment decisions or serve to reward them in connection with their investment advisory activities. Additionally, Advisory Representatives are expected to refrain from knowingly conducting advisory business with any individuals or entities that use gifts or other items of value to bribe or influence others.

No Supervised Person or member of his immediate family may accept any gift from any client or other person that is not clearly within the list of exceptions below. Furthermore, no Supervised Person may give anything of value to another person unless it meets an exception below. The matters described below generally do not create a risk of conflict of interest because they are ordinary or accepted business practices and do not imply any return of favor on the part of the receiving person. If a gift is clearly within these exceptions, the Designated Supervisor does not need to approve it. If Supervised Persons or immediate family members receive a gift from a client or other person that does not meet these exceptions, they must return the gift, refuse the offer, or request and receive approval of the gift from the Designated Supervisor.

- **No Golf Ball Rule:** CAPTRUST has always adhered to fiduciary standards (as acknowledged in our advisory contracts). In order to maintain our pristine reputation for providing completely objective advice to our clients, CAPTRUST is committed to never accepting anything of any value from an investment manager or retirement plan service provider - this includes everything from pay-to-play arrangements to vendor sponsorships of company events to lunches, dinners, trips—not even as much as a golf ball. To operate otherwise would compromise our independence and objectivity.

- **Ordinary Business Entertainment and Courtesies** — This exception is available for entertainment associated with business meetings or business discussions, including meals, sporting events, charitable events, or golf outings with *clients or prospects*. Such business entertainment and courtesies must not be so excessive that that they could not be treated as a legitimate business expense. Lavish or extravagant entertainment should not be accepted unless the Designated Supervisor gives prior approval and the Firm reimburses the costs to the host. Similarly, travel expenses may not be accepted from a client without prior approval of the Designated Supervisor if the purpose of travel is business entertainment. Advisory Representatives may not rely on this exception for *gifts* that are incidental to business entertainment since any gifts given or received during the course of business entertainment or business meetings are still considered *gifts*.

- **Client Sponsored Meetings —** This exception applies to meetings that have a predominant business purpose (as opposed to a purpose of business entertainment). When such meetings entail payment for travel, overnight accommodations, meals, and entertainment, such amenities must be ordinary

business expenses and may not be accepted from a client unless the Designated Supervisor gives prior approval.

Payment of expenses for any person accompanying a Supervised Person (other than another Supervised Person of the Firm) is prohibited without the prior approval of the Designated Supervisor.

- **Vendor-Sponsored Meetings/Travel —** This exception applies to meetings that have a predominant business purpose (as opposed to a purpose of business entertainment). When such meetings entail payment for travel, overnight accommodations, meals, and entertainment, such amenities must be ordinary business expenses and may not be accepted from a vendor unless the Designated Supervisor gives prior approval and the Firm reimburses the costs to the hosting vendor.

  Payment of expenses for any person accompanying a Supervised Person (other than another Supervised Person of the Firm) is prohibited without the prior approval of the Designated Supervisor.

- **Expressions of Courtesy and Appreciation** — This exception applies to gifts of items such as fruit, flowers, food, wine, or candy given with monetary value of less than $100. Such gifts must not total more than $100 per individual recipient per year.

- **Personal Gifts —** This exception applies to personal gifts received solely because of kinship, marriage, or social relationships, and not because of any business relationship.

- **Promotional Items —** This exception applies to CAPTRUST advertising or promotional materials that are generally given as promotional or marketing gifts. The gift must be of nominal value to qualify for this exception. *REMINDER: At CAPTRUST we do not accept promotional items* from investment managers, retirement plan services providers, third party vendors, etc (please see "No Golf Ball Rule").

6.2 Political Contributions and "Pay-to-Play" Policies

Investment advisers that seek to influence government officials' awards of advisory contracts by making or soliciting political contributions to those officials are engaging in an unethical and often illegal practice known as "pay-to-play." The Firm and its Supervised Persons are strictly prohibited from making political contributions with the intent to influence government officials who are in a position to award investment advisory contracts to the Firm.

6.2.1 Restrictions on the Receipt of Advisory Fees

With limited exceptions, the Firm is prohibited from being compensated for providing advisory services to a government client for two years after the Firm or certain of its executives or employees make a contribution to certain elected officials or candidates associated with the government client.

6.2.2 Restrictions on Payments for the Solicitation of Clients or Investors

The Firm and its Supervised Persons are prohibited from providing or agreeing to provide, directly or indirectly, payment to any person to solicit a government entity for investment advisory services on behalf of the Firm unless such person is a regulated person or is an executive officer (or a person with a similar status or function) or employee of the Firm.

6.2.3 Restrictions on the Coordination or Solicitation of Contributions

The Firm and its Supervised Persons are further prohibited from coordinating, or soliciting any person or political action committee to make, any: (1) contribution to an official of a government entity to which the Firm is providing or seeking to provide investment advisory services; or (2) payment to a political party of a state or locality where the Firm is providing or seeking to provide investment advisory services to a government entity.

6.2.4 Government Clients

Government clients are any clients that are government entities, regardless of their size. Government entity is defined as any state or political subdivision of a state. Government clients may range in size from small local townships to large public pension plans. The Firm will maintain a list of its government clients.

6.2.5 Pre-Clearance of Political Contributions

If any Supervised Person wishes to make a political contribution to any state or local government entity, official, candidate, political party, or political action committee, the Supervised Person must seek pre-clearance from the Firm's Designated Supervisor whenever the total contribution to be made exceeds $150. Total contribution is the sum of the proposed contribution and any prior contributions made directly or indirectly to the same entity or person. For example, a Supervised Person who previously contributed $100 and would like to contribute another $100 has a total contribution of $200. Since $200 exceeds the $150 contribution limit by $50, the Supervised Person

must obtain pre-clearance on the second contribution of $100 or reduce the size of the second contribution to $50.

The $150 contribution limit is increased to $350 for Supervised Persons who are eligible to vote in the election of the candidate or official. Thus, if the Supervised Person is eligible to vote, pre-clearance is not needed unless the total contribution exceeds $350. Both the $150 and $350 contribution limits apply to each election, so political contributions made to a candidate in a prior election will not count toward subsequent elections for the same candidate or official.

Note: Any Supervised Persons involved in soliciting the business of municipalities must be mindful of MSRB Rule G-37 and should keep political contributions at or below $250 to avoid triggering restrictions on their business. Supervised Persons who are governed by MSRB Rule G-37 may make political contributions only to officials for whom they are entitled to vote.

6.2.6 Contributions

To combat pay-to-play practices, the SEC defines "contributions" broadly to include any gift, subscription, loan, advance, or deposit of money or anything of value made for: (1) the purpose of influencing any election for federal, state, or local office; (2) payment of debt incurred in connection with any such election; or (3) transition or inaugural expenses of the successful candidate for state or local office. Supervised Persons may not participate in any indirect action that would be prohibited if the same action was done directly.

6.2.7 Charitable Donations

Supervised Persons may not make contributions to charities with the intention of influencing such charities to become clients. Supervised Persons are encouraged to notify the CCO if they perceive an actual or apparent conflict of interest in connection with any charitable contribution.

6.2.8 Public Office

Supervised Persons are required to obtain written pre-approval from the CCO prior to running for any public office. Supervised Persons will not be allowed to hold a public office if it presents any actual or apparent conflict of interest with the Firm's business activities.

6.3 Outside Business Activities

All Advisory Representatives will need to seek the Firm's prior approval to engage in business activities outside of their employment with the Firm. Advisory Representatives

will need to submit a request and provide information about: (i) the nature of the outside business activities; (ii) the name of the organization; (iii) any compensation; and (iv) the time demands of the activities. All Advisory Representatives are also required to annually update the Firm regarding their outside business activities. Additionally, all Advisory Representatives are responsible for ensuring that outside business activities are correctly reflected on their respective Form U-4s. Pre-approval will not be required for outside activities related to charities, non-profit organizations, clubs, or trade associations.

6.4 Private Securities Transactions

Any Supervised Persons who are or become associated with a broker-dealer are subject to FINRA's rule concerning private securities transactions. In accordance with NASD Rule 3040(b), "Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided however that, in the case of a series of related transactions in which no selling compensation has been or will be received, an associated person may provide a single written notice." ***All Supervised Persons, including those not associated with a broker-dealer, are prohibited from soliciting or transacting any type of securities business away from the Firm without prior written approval.***

Please see the CAPTRUST Code of Ethics on preclearance requirements for personal securities transactions.

6.5 Communications with Clients

Each communication to a client or the general public must be consistent with the following policies and guidelines:

- All communications must be truthful and may not be misleading or omit a material fact.
- Communications may not include any promises of specific results or forecasts of future returns.
- When discussing investments, the risks of such investments and the possibility that their value may increase or decrease must be disclosed.

- Communication may contain comparisons of the Firm with competitors regarding fees, performance, and other matters only if factual information supports such comparisons.
- Material that contains the legend "Internal Use Only" or similar legends may not be provided to clients or other persons who are not Supervised Persons of the Firm.
- Employees should use stationery and business cards bearing the Firm's name and/or logo for business purposes, unless the CCO approves in writing the use of nonstandard stationery or business cards.
- Neither tax nor legal advice will be provided to clients in communications.

6.6 Complaints from Advisory Clients or Investors

Supervised Persons must promptly report any complaint to the Firm. A “complaint” is defined as any written statement of a client or any person acting on behalf of a client alleging a grievance involving the activities of those persons under the control of the Firm in connection with the Firm’s business as an investment adviser. Although this formal definition specifies that a complaint be in writing, the Firm also requires Supervised Persons to promptly report oral complaints or grievances. Supervised Persons should not attempt to resolve a complaint on their own.

The Designated Supervisor is responsible for educating Supervised Persons on the procedures to follow if they receive a complaint. The Designated Supervisor will train an employee to open the mail, recognize a customer complaint, and forward the complaint to the appropriate Designated Supervisor. The Designated Supervisor will ensure that all Supervised Persons understand the Firm’s electronic communication policy and that such persons forward any customer complaints that they receive electronically to the Designated Supervisor.

6.7 Compliance Training for Employees

Advisory Representatives must complete any training assigned to them. The CCO will take the following minimum steps to see that the Firm’s personnel are appropriately informed of and trained with respect to all compliance policies and procedures:

- Whenever material changes are made to the Firm’s policies and procedures, the CCO will communicate them to all affected employees by holding a meeting or through any other effective means to communicate and explain the changes.

- If a meeting is called for this purpose, the CCO will maintain a log-in sheet or other means to evidence which personnel attended the meeting.
- All personnel will be required to complete and sign periodic certifications acknowledging they understand the policies and procedures in this manual and in the code of ethics, and certifying that they have not violated any requirements.
- Not less frequently than annually, a general training session will be conducted by the CCO to review policies and procedures and applicable rules, regulations, and laws with personnel. The CCO will maintain a log-in sheet or other means to evidence which personnel attended the meeting.

6.8 Reporting and Investigation of Compliance Issues

The Firm requires all personnel to be vigilant in helping to prevent and detect errors and wrongdoing. If any Supervised Person becomes aware of any fraudulent or other illegal, inappropriate, or unethical action, or of any violation of the Firm's policies and procedures, including a violation of this manual or the code of ethics, the Supervised Person should immediately contact the CCO. If the Supervised Person believes the CCO is or may be involved in the violation, the Supervised Person should report the matter to any other senior officer. The information will be treated confidentially and the source will not be revealed to any other person who may be involved, to the extent practicable and consistent with what the Firm believes is necessary for the fair and lawful treatment of those involved.

The CCO or other senior officer to whom a matter has been reported is responsible for seeing that an investigation into the matter is conducted with due speed and the aim of determining whether a violation has in fact occurred and, if so, what corrective measures should be taken. If desired or appropriate, the CCO or investigating officer may engage outside counsel or other advisors in order to conduct the investigation or make recommendations as to remedial actions. At the conclusion of any investigation, a report summarizing the investigation, findings, and any remedial actions taken will be made to senior management by the CCO or other investigating officer.

6.9 Prohibited Activities

The Firm has established policies and procedures that prohibit the sales practice activities described below.

6.9.1 Misrepresentations and Material Omissions

Misrepresentations and material omissions take place when an Advisory Representative provides a client with misleading, incomplete, inaccurate, baseless, and/or false statements or information. Advisory Representatives are strictly prohibited from distributing any inaccurate or misleading information. The following is a summary of some of the main elements of misrepresentation or material omissions:

- False, misleading, or inaccurate representations were made to the client;
- The Advisory Representative had knowledge or should have had knowledge that false, misleading, or inaccurate representations were made to a client;
- Oral or written material misrepresentations and/or omissions were made in providing investment advice; and
- High-pressure sales techniques using material misrepresentations or omissions.

6.9.2 Market Manipulation and Rumors

It should be noted that market manipulation – improperly influencing or attempting to improperly influence the price of a security – is illegal. Intentionally communicating misleading information to others in an attempt to influence the price of a public company's securities is unlawful and is strictly prohibited by the Firm. An example of potential market manipulation would include disseminating false, negative rumors about a public company (*e.g.,* a rumor that the price of a publicly announced merger transaction was about to be reduced) with a view to profiting from a decline in the price of such public company's securities.

6.9.3 Reverse Churning

The Firm prohibits "reverse churning," which is the unethical practice of charging fees in accounts that are neither generating activity nor being actively monitored and/or managed.

7. CLIENT ACCOUNTS

Opening client accounts raises important compliance considerations primarily related to the intake of information and its management. Obtaining reliable client information is critical to an Advisory Representative's ability to make suitable investment decisions for clients. Advisory Representatives must comply with the applicable disclosure rules, including the requirement to deliver the Firm's disclosure brochure to clients.

7.1 Pre-Approval of Discounts or Waived Fees

As part of the Firm's effort to treat all clients fairly, personnel opening accounts should avoid offering or agreeing to any waiver or discount of the Firm's usual fees without authorization from a senior officer or principal and without consideration of appropriate factors, such as the rationale for offering the waiver or discount, the fairness of that waiver or discount to the Firm's other clients, and the consistency of the waiver or discount with the Firm's existing public disclosures.

7.2 Acceptance of Client Accounts

It is the Firm's policy to accept only those clients whose source of wealth and funds can be reasonably established to be legitimate. The Firm will maintain accurate, current, and complete information about each client, and it will ensure that a copy of its disclosure brochure is delivered to new clients.

7.3 Client Background

Advisory Representatives must inquire about and ascertain information concerning the background of a client; the reasons for a client's opening of an account; the investment history of a client, including current and prior brokerage relationships; the estimated net worth and sources of wealth of a client; the source that generated the money deposited into the account; and a client's source(s) of income. The Advisory Representative is expected to learn and understand the client's objectives, risk tolerances, other financial resources, and any other information deemed important for servicing a client's account.

7.4 Opening Client Accounts

In opening a client account, the Advisory Representative must ensure that the client completes all new account paperwork, receives a current copy of the Firm's disclosure brochure and privacy policy, and signs an advisory agreement with the Firm. Advisory Representatives are expected to update client files when material changes occur.

7.5 Client Identity and Client Information

Advisory Representatives must take reasonable measures to establish the identity of clients and the beneficial owners of securities in client accounts. Identification documents must be current at the time of the account opening. The Firm will generally accept a client only after obtaining the following information about the client:

- name, social security number, and age;

- residential or business address;
- telephone number;
- investment objective;
- anticipated account activity;
- occupation, employer, and annual income;
- source(s) of wealth (*i.e.,* activity that has generated net worth);
- estimated net worth;
- investment experience;
- marital status and dependents;
- risk tolerance;
- investment time horizon;
- liquidity needs;
- existing holdings;
- source(s) of funds and means of transfer of funds to open the account.

7.6 Entity Clients

The Designated Supervisor may permit an Advisory Representative to open an account for a corporation, partnership, foundation, or other client that is an entity after:

- reviewing documentary evidence of the proper organization and existence of such entity;
- understanding the structure of the entity sufficiently to determine the source of the funds;
- identifying principal owner(s) of the entity's shares or beneficial interests;
- identifying who controls the entity;
- obtaining a signed corporate resolution or similar authorization that authorizes the opening of the account; and
- obtaining a signed list of corporate officers or persons in similar capacity authorized to enter orders and receive statements on behalf of the entity.

7.7 Trust Clients

The Designated Supervisor may accept a client formed as a trust only after:

- reviewing evidence of its proper formation and existence, along with the identity of its trustee(s);
- understanding the structure of the trust sufficiently to determine the source of the funds (*e.g.*, settlor), the person who controls the trust (*e.g.,* trustee), and the persons who have the power to remove the trustee.

Note: An Advisory Representative who acts as trustee for an advisory client is deemed to have custody with respect to the trust's assets. For this reason, the CCO must pre-approve any arrangement in which an Advisory Representative serves as trustee.

7.8 Delivery of Privacy Policy

Advisory Representatives must ensure that each new client receives a copy of the Firm's privacy policy upon the opening of an account. Details concerning the Firm's privacy policy are discussed elsewhere in this manual.

7.9 Investment Advisory Contracts

The Investment Advisers Act contains provisions that regulate the contents of investment advisory contracts. In addition, the SEC has interpreted the antifraud provisions of the Investment Advisers Act as requiring or prohibiting certain clauses. Based on these provisions and interpretations, the Firm's advisory contracts:

- Must contain a clause stating that an adviser cannot assign its advisory contract without the consent of its client;
- Must not contain any condition, stipulation, or provision binding a client to waive compliance with any provision of the Investment Advisers Act or related rules;
- Must not contain hedge clauses that mislead an investor into believing that he or she has waived a right of action (*e.g.*, a provision waiving a claim based on "gross negligence" or "willful misfeasance" without also indicating that advisory clients have not waived or limited any rights under the federal securities laws or relevant state laws); and
- Must not contain a clause calling for performance-based compensation unless certain conditions are met.

No advisory contract may be entered into by an Advisory Representative unless the contract is first reviewed and approved by the Firm.

The Firm will operate in conformity with the representations made in its investment advisory contracts. Examples that could result in the Firm being cited for failure to fulfill a contractual obligation include:

- Calculating advisory fees differently than the methodology agreed to in the contracts;
- Failing to comply with clients' wishes concerning directed brokerage arrangements; and
- Causing clients to invest in securities that are inconsistent with the level of risk that clients have agreed to assume.

7.10 Form ADV Delivery and Disclosure

Advisory Representatives must ensure that each new client is delivered the Firm's Form ADV disclosure brochure and the brochure supplement. Delivery to a new client should be made at least 48 hours prior to the client's execution of the advisory contract or, as an alternative, at the time the client enters into the contract if the client may rescind the contract within 5 days thereafter.

8. Anti-Money Laundering Procedures and Customer Identification Program

The Firm is affiliated with a broker-dealer that is required to have Anti-Money Laundering ("AML") procedures and a Customer Identification Program ("CIP"), both of which are set forth in the written supervisory procedures of the broker-dealer.

9. Valuing Client Holdings and Assessing Fees

The Firm values client holdings and assesses fees as specified in its Form ADV disclosure documents, related fee schedules, and advisory agreements. The Designated Supervisor is responsible for establishing adequate controls for calculating fees and ensuring that the fees are consistent with the advisory agreement and disclosures.

Financial planning fees, consulting fees, and any other type of fees must be calculated in accordance with the client agreement. The Designated Supervisor should establish a reasonable control and audit procedure to ensure that the fees charged are reasonable and consistent with agreements and disclosures.

10. Proprietary and Personal Trading

10.1 Proprietary Trading

A transaction between a proprietary account and an advisory client would be deemed a principal transaction under Section 206(3) of the Investment Advisers Act. The Firm, acting as principal for its own account or an account of an affiliate, will not knowingly effect any sale or purchase with an advisory client. If warranted, the CCO should implement additional procedures reasonably designed to ensure that proprietary trading is conducted in a compliant manner.

10.2 Personal Trading

The Designated Supervisor is responsible for monitoring the personal trading of Access Persons. Access Persons must conduct their personal trading in a manner consistent with the Firm's code of ethics. Examples of abusive personal trading activities prohibited by the Investment Advisers Act include:

- Trading in securities for personal accounts, or for accounts of family members or affiliates, shortly before trading the same securities for clients (*i.e.*, front-running), and thereby receiving better prices; and
- Directing clients to trade in securities in which the Advisory Representative has an undisclosed interest, causing the value of those securities to increase to the Advisory Representative's benefit.

The Firm and its Advisory Representatives must maintain adequate records of personal securities transactions. The Firm's Code of Ethics details the Firm's reporting requirements for its Access Persons.

11. Portfolio Management

The Firm offers investment management services through the programs summarized in the Firm's Form ADV Brochure. Advisory Representatives should make clients aware of all available programs offered by or through the Firm by delivering the Firm's Brochure to the client and, if necessary, explaining the programs to the client and assisting the client in the selection process.

11.1 Conflicts of Interest

Because the Firm manages more than one account, conflicts of interest may arise over time in the management of any one account and the allocation of investment

opportunities among all accounts managed by the Firm. The Firm and its Advisory Representatives must attempt to resolve all such conflicts in a manner that is generally fair to all of its clients.

The Firm may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any particular client so long as it is the Firm's policy, to the extent practicable, to allocate investment opportunities over a period of time on a fair and reasonable basis relative to other clients. The Firm is not obligated to acquire for any account any security that the Firm or its shareholders, officers, employees, or affiliates may acquire for its or their own accounts or for the account of any other client if, in the absolute discretion of the Firm, it is not practical or desirable to acquire a position in said security for that account.

11.2 Objectives and Guidelines

Each Advisory Representative is responsible for ensuring that all accounts under his investment supervision are managed in accordance with the investment advisory contract and the client's investment objectives. The Designated Supervisor will periodically review accounts in order to identify any accounts that may be being managed in a manner that is inconsistent with the objectives and guidelines established by the client. In reviewing accounts, the Designated Supervisor may consider, among other things, the following:

- Has the portfolio manager adhered to any restrictions placed on the account?
- Is the account properly diversified?
- Is the investment strategy consistent with the client's risk tolerance?
- Is the account appropriately benchmarked?
- Is the account consistently underperforming its benchmark?
- If the account is performing better than its benchmark, was this performance attributable to a factor other than the portfolio manager's skill, such as assuming excess risk or concentrated positions?

11.3 Unsuitable Trades or Investment Strategies

The following types of trades or activities will generally be unsuitable for clients:

- Recommending speculative securities to a client unless the client's financial situation, other securities holdings, and risk tolerance warrant such an investment; and

- Engaging in excessive trading of a client's account for any reason.

If a client requests the Advisory Representative to initiate a transaction that appears unsuitable, the Advisory Representative is not required to act upon the request. In such circumstances, the Advisory Representative should advise the client in writing of the basis for his belief that the transaction is unsuitable for the client. It is the responsibility of the Advisory Representative to maintain a copy of this written communication for recordkeeping purposes.

11.4 Wrap Fee Programs

A wrap fee program is an arrangement between financial institutions (typically broker-dealers and investment advisers) that enables clients to pay an all-inclusive fee (usually as a percentage of assets) for investment advisory services bundled with various other services, such as execution, clearing, and custodial services. Wrap fee programs must be suitable for each participating client. The suitability determination should be made prior to the client's entering into the arrangement. In addition to making the initial suitability determination, Advisory Representatives have a continuing obligation to ensure that the arrangement remains suitable for each participating client.

11.4.1 Compliance Review

The Firm will substantiate that wrap-fee clients are in the most suitable program through the following review process:

1. The Designed Reviewer will use the "no trade activity" exception report available through netX360 eAnalytics to identify accounts that have had no trading activity during the review period. (In addition to using the "no trade activity" exception report, the Designated Reviewer may use alternative exception reports to identify accounts that have limited trading activity.)
2. For each inactive account flagged by the exception report, the Advisory Representative will be required to explain why a wrap fee account is suitable in light of lack of trading.
3. If an Advisory Representative is unable to provide a satisfactory explanation as to why the wrap fee account is suitable, the Firm will recommend that the client switch to a non-wrap fee account or a brokerage account.
4. If a client refuses to accept the Firm's recommendation to switch from a wrap fee account, the Firm will thoroughly document the client's reasons for remaining in a wrap fee account.

11.5 Share Class Suitability

11.5.1 Policy

It is the Firm's policy to ensure that clients invest in the most advantageous mutual fund share class.

11.5.2 Overview

As fiduciaries, investment advisers owe their clients a duty to provide only suitable investment advice. This duty generally requires an investment adviser to determine that the investment advice it gives to a client is suitable for the client, taking into consideration the client's financial situation, investment experience, and investment objectives.

An investment adviser has an ongoing duty to review and update the suitability determinations that it has made for clients. Investment advisers may discharge this duty by, among other things, systematically reviewing client accounts to ensure that all investments are suitable.

With respect to mutual funds, investment advisers have a duty to recommend the most advantageous share class available to clients. The initial suitability determination should occur prior to or at the time of the recommendation. Thereafter, investment advisers should verify that share class recommendations remain the most advantageous in light of relevant factors, such as changes in to a client's holdings or the inception of new share classes.

11.5.3 Responsibilities

A Financial Advisor who recommends a mutual fund or otherwise provides investment advice concerning an investment in a mutual fund is responsible for ascertaining the most advantageous share class available to the client. After making an initial recommendation or investment in a mutual fund, the Financial Advisor has on ongoing duty to ensure that the mutual fund share class remains suitable. If the Financial Advisor identifies a share class that appears more advantageous, the Financial Advisor should consider all relevant factors (for example, additional costs, tax consequences, investment minimums) before recommending an exchange or transfer to the new share class.

For mutual funds included in model portfolios recommend to clients, the Practice Leader is responsible for determining the most advantageous share class available to clients. If reasonable under the circumstances, the Practice Leader should seek accommodations from the fund company (for example, waivers of minimum

requirements) to help clients invest in the most beneficial share class available to them. The Practice Leader is further responsible for verifying that recommended share classes remain suitable and in the best interest of clients. This responsibility includes performing periodic reviews designed to detect instances of non-compliance.

11.5.4 Periodic Reviews of Share Class Suitability

To verify compliance with the Firm's obligation to recommend the most advantageous share class, each Practice Leader must perform, at least quarterly, a review of the share classes recommended to clients. The Practice Leader may delegate this review to other qualified advisory personnel, provided the Practice Leader oversees the review and assumes ultimate responsibility for its adequacy. Key objectives of the review include:

- Identifying new share classes and assessing whether they are more beneficial than the share classes previously recommended to clients.
- Identifying clients who have qualified for a more beneficial share class based on changes in their financial situation.
- Considering whether there exists an adequate basis for requesting that certain fund companies waive minimum requirements or make other accommodations to permit clients to invest in a better share class.
- Identifying instances of non-compliance (for example, exceptions or instances in which clients may be invested in a share class that may not be the most advantageous).
- Coordinating a tax-free exchange (if appropriate and available) for clients identified in the review.

Each Practice Manager must document the results of each review in writing (for example, a memo). Instances of non-compliance must be reported to the CCO.

11.5.5 Compliance Testing

Under the supervision of the CCO, the Compliance Department may perform compliance testing with regard to the share class suitability determinations made by Practice Leaders. The compliance testing, which may occur during the Firm's annual compliance reviews pursuant to SEC Rule 206(4)-7, will be designed to verify the adequacy of the Firm's policies and procedures on share class suitability.

11.6 Safe Harbor for Investment Advisory Programs

The SEC has adopted Rule 3a-4 under the Investment Company Act of 1940 to provide a nonexclusive safe harbor from the definition of an "investment company" for certain investment advisory programs. The Designated Supervisor will ensure that each

discretionary investment advisory program offered or recommended by the Firm meets the following criteria set forth in Rule 3a-4:

1. ***Individual Management & Reasonable Restrictions.*** Each client's account must be managed on the basis of the client's specific financial situation and investment objectives, and in accordance with any reasonable investment restrictions imposed by the client. The client should be receiving individualized treatment.
2. ***Collection of Client Information.*** The Firm must obtain sufficient client information at the account opening to enable it to provide individualized advice. This information must be obtained before or at the time the Firm places the client in the program. The Firm must also give the client the opportunity to impose reasonable restrictions at account opening.
3. ***Annual Client Contact.*** The Firm, sponsor, or other designated person must contact the client at least annually to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wants to change existing, or impose new, investment restrictions.
4. ***Quarterly Notices.*** This criteria requires the delivery of written notices, at least quarterly, to clients. In these quarterly notices, the Firm or the sponsor must notify the client in writing to contact them if there have been any changes in the client's financial situation or investment objectives, or if the client wishes to modify existing, or impose new, restrictions. These written notices to the clients must identify the means through which the client should contact the sponsor or the Firm. This quarterly notification requirement is in addition to the requirement to contact the client on an annual basis.
5. ***Customer Reporting.*** The Firm must ensure that account statements are delivered to clients at least quarterly. The account statements must identify all activity in the client's account for the preceding quarter, including all fees and expenses charged to the account. This can be combined with quarterly notices. In practice, the notice is often printed on the account statement.
6. ***Portfolio Manager Availability***. The client must have the ability to consult with the program's sponsor or the investment manager concerning their account. The sponsor or investment adviser must be reasonably available to address a client's questions and concerns.
7. ***Securities Ownership.*** Clients must retain certain rights of securities ownership. This ownership criteria requires that the client:

- Have the right to withdraw the securities or funds in his/her account;
- Have the right to vote the securities in his/her account, or to delegate that authority;
- Be provided timely written trade confirmations or other notifications of each securities transaction, as well as all other documents required by law; and
- Have the right to take direct legal action against an issuer of a security in his account and not be obligated to join with the investment adviser or any client to pursue such action.

The Designated Reviewer will perform periodic reviews to verify that each investment program offered or recommended by the Firm is excluded from the definition of investment company. Through completion of the review, the Designated Reviewer will verify that all criteria set forth in Rule 3a-4 have been met for each program. The Designated Reviewer will document each periodic review by completing a task that summarizes the review process, the results of the review, and any corrective actions.

12. Trading Practices

Client portfolios must be traded in a manner consistent with stated investment objectives. Trading should be conducted in such a way as to afford equal opportunity to all clients. No advantage will be specifically reserved for any client over any other. As outlined further below, when possible and practicable, the Firm will aggregate client trades if such action is advantageous to the clients as a group.

12.1 General Prohibitions

The Firm and all Supervised Person are prohibited from:

1. employing any device, scheme, or artifice to defraud any client or prospective client;
2. engaging in any transaction, practice, or course of business that operates as a fraud or deceit upon any client or prospective client;
3. engaging in any act, practice, or course of business that is fraudulent, deceptive or manipulative;
4. knowingly placing any trade for any client unless the transaction complies in all respects with the Firm's policies concerning trading;
5. trading mutual fund shares after the close (*i.e.*, "late trading"); and
6. engaging in "abusive market timing" transactions

12.2 Review of Trading Practices

As a means to monitor the trading practices of Advisory Representatives, the Designated Supervisor will analyze investment management and trading practices on a regular basis to detect any existing or potential violations. Indicators of possible violations include:

- Unusual portfolio turnover rate;
- Unexplained variances from stated investment strategy;
- Use of unusual securities, hedging strategies, or other techniques;
- Wide variations in comparative performance of similarly managed accounts and evidence of favoritism;
- Misallocation of investment opportunities;
- Breaches of fiduciary duty.

12.3 Late Trading

It is the Firm's policy not to engage in "late trading" when purchasing or redeeming mutual fund shares (whether directly from a fund's distributor or through an intermediary that sells the fund's shares). "Late trading" is the practice of circumventing a mutual fund's forward-pricing requirement for purchases and redemptions by purchasing or redeeming shares at that day's price after the fund has calculated its net asset value (NAV) for such day. The Designated Supervisor will be responsible for ensuring that policies and procedures dictate that all orders for the purchase or redemption of mutual fund shares are received by the fund before the time at which the fund closes for business and calculates its NAV for that day (usually 4:00 p.m. Eastern Standard Time). Policies and procedures may be modified from time to time to accommodate cut-off times established by various account custodians or broker-dealers. This policy is intended to eliminate the potential for late trading through intermediaries that sell fund shares.

12.4 Market Timing

It is the Firm's policy not to engage in market timing when purchasing or redeeming mutual fund shares. Market timing strategies differ, but generally involve frequent purchases and redemptions of fund shares with the objective of benefiting from the difference between a fund's price for that day and changes in the current value of the securities in the mutual fund's portfolio.

12.5 Best Execution

The Firm must obtain best execution, which the SEC generally describes as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that in seeking best execution, the determining factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. Accordingly, the Firm will consider the full range and quality of a broker's services, including execution capability, commission rate, financial responsibility, and responsiveness to the Firm. The Firm will periodically and systematically evaluate the performance of broker-dealers executing client transactions.

12.6 Use of Brokerage

The Firm has a duty in executing securities transaction for clients to seek to obtain the best net price reasonably available under the circumstances. If the Firm uses client brokerage to obtain research or other products and services, it must fully and accurately disclose this practice to clients. The Designated Supervisor will ensure that the Firm and its Advisory Representatives do not direct any trades for their own benefit, but rather for the best price available in the market place.

12.7 Soft Dollar Arrangements

Soft-dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Because soft-dollar products and services are purchased with brokerage commissions (or permitted mark-ups or mark-downs in the case of permitted riskless principal transactions by dealers), investment advisers have a fiduciary obligation to ensure that the commissions (or permitted mark-ups and mark-downs) are used for the benefit of its clients and that its clients are fully informed of the use of brokerage commissions (or mark-ups or mark-downs) to purchase soft-dollar products.

The receipt of soft-dollar products from broker-dealers generally must be limited to research and brokerage services, absent specific disclosures to clients. The standard for determining if brokerage and research services fall within the safe harbor is whether the product or service provides lawful and appropriate assistance to the money manager in the performance of his or her investment decision-making responsibilities. This determination hinges on whether the product or service aids the investment decision-making process instead of the general operation of the investment adviser. Supervised

Persons must avoid entering into any soft dollar arrangement under a legally binding agreement or understanding with any broker regarding a specific dollar amount of commissions to be paid to that broker, as this may be construed as inconsistent with the Firm's obligation to seek best execution.

The Firm does not currently participate in a soft dollar arrangement that would influence its judgment in allocating brokerage business. Although the Firm does not engage in such arrangements, it does have procedures for the approval of any future arrangements. The CCO is responsible for approving all soft-dollar relationships in writing. All soft dollar arrangements and directions of commissions to brokers under soft dollar arrangements should be made only if consistent with the Firm's duty to seek best execution. In the event that any conflicts of interest are present, the Designated Supervisor must document his ongoing supervisory review to monitor and disclose such conflicts.

12.8 Selection of Brokerage

In certain accounts, the Firm may be given discretion over the placement of brokerage for transactions effected in client accounts and/or the commission rates to be paid in connection with those transactions. In other accounts, the Firm does not have brokerage discretion, such as separate accounts where clients typically open their accounts with a custodian. The Firm will usually place transactions for those accounts with the broker-dealer maintaining custody of the account.

In all cases, Advisory Representatives must take steps aimed at ensuring that clients receive best execution and reasonable commission rates upon execution of their trades. To that end, the following policies and procedures apply with the aim of seeking best execution for client trades and adhering to other applicable trading requirements and restrictions. It is important to remember that "best execution" does not necessarily mean obtaining the lowest possible price for any particular transaction.

12.8.1 Selection of Brokers

In selecting brokers for client account transactions, the Firm's portfolio management personnel may consider a number of factors in various categories, such as:

1. **Efficiency in Execution and Clearing** – For example, does the broker actually execute the trades and clear the trade to the appropriate custodian smoothly?
2. **Brokerage Commission or Dealer Spread** – For example, are the broker's commissions, spreads, and other costs at or below institutional trading standards

(for example, 5 cents per share or less for equity)? Are other lower-cost alternatives available and suitable for the particular trade?

3. **Efficiency of Communication** – For example, does the broker proactively keep the Firm updated on the status of the trade/order, provide feedback from the marketplace and deliver execution information efficiently and accurately?
4. **Nature of the Market for the Security** -- For example, to what extent does the executing broker have special expertise in the industry/market sector?
5. **Operational Capabilities** -- For example, does the executing broker have its own floor brokers or do they use others, and can the "back offices" work together to prevent failed trades?
6. **Research and Brokerage Provided** – For example, does the broker provide access to its securities analysts with expertise in industries or markets of interest, or other research or brokerage services that are valuable in the investment decision-making process?

Advisory Representatives are prohibited from using the following factors to influence their decisions concerning placement of brokerage for client trades:

- The broker's promotion or sale of shares of any investment company in any circumstance that would contravene Rule 12b-1(h) under the Investment Company Act of 1940; or
- Any product or service provided by the broker to the Firm or its personnel in any circumstance not permitted by law or not appropriately disclosed by the Firm and/or consented to by clients.

12.8.2 Periodic and Systematic Review of Brokerage

It is the responsibility of the Designated Supervisor to periodically and systematically review the Firm's brokerage placement, as part of the Firm's overall effort to seek best execution for client trades. In addition to monitoring brokers and assessing their capabilities, the Designated Supervisor will take additional steps to monitor brokerage placement, such as:

- reviewing the price at which trades are effected,
- comparing trading costs to those charged by other brokers, and
- keeping current on which brokers act as custodians for clients and in that capacity, provide clients with services, benefits, and features.

The Designated Supervisor will also periodically test and monitor brokerage placement with the aim of:

- ensuring that trading and placing brokerage are done consistently with applicable contractual requirements, SEC guidance, and any directions from the clients;
- looking at brokerage and trading patterns to guard against improper trading such as churning, excessive turnover, window dressing, portfolio pumping, and scalping; and
- ensuring that any soft dollar practices are consistent with the Firm's soft dollar policies and applicable legal and contractual requirements.

12.9 Aggregation and Allocation of Trades

The Firm typically directs trading in individual client accounts when trades are appropriate based on the client's investment plan, without regard to activity in other accounts. However, from time to time, the Firm may aggregate trades together for multiple client accounts, most often when these accounts are being directed to buy or sell the same securities at the same time. The Firm may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts. The Designated Supervisor is responsible for monitoring the Firm's trade allocations and identifying any conflicts of interest.

12.10 Agency Cross Transactions

An agency cross transaction generally has relevance only when an investment adviser is dually registered as a broker-dealer or is affiliated with a broker-dealer. An agency cross transaction is a trade between an advisory client, on the one hand, and one of the investment adviser's brokerage clients, on the other hand. The investment adviser or its affiliated broker-dealer acts as a broker for the advisory client and for the party on the other side of the transaction. As a result of the trade, the investment adviser (if registered as a broker-dealer) or the affiliated broker-dealer receives a commission. An agency cross transaction gives rise to a conflict of interest as an investment adviser could favor its advisory client over its brokerage client, or vice versa.

12.11 Internal Cross Transactions

An internal cross transaction is a trade between two advisory client accounts of the same investment adviser over which the investment adviser has discretionary authority. No broker is used to effect the trade, and thus no commission is paid. The Firm will not

effect any internal cross transactions unless it adopts procedures governing this type of trading and makes full disclosure of this trading practice on its Form ADV.

12.12 Trade Errors

All trade errors must be (1) corrected as soon as is practicable in a manner so that the client incurs no loss and (2) reported to the Designated Supervisor. The Designated Supervisor will carefully scrutinize the related transactions and determine an appropriate course of action and, when appropriate, recommend modified procedures. Errors may occur either in the investment decision-making process (*e.g.,* a decision to purchase a security or an amount of a security that violates client guidelines) or in the trading process (*e.g.,* a buy order may be executed as a sell order or vice versa). For purposes of trade error treatment, errors in both decision-making and trading are referred to as trade errors.

13. Safeguarding of Client Assets

13.1 Custody

The Firm and its Advisory Representatives are prohibited from accepting or maintaining custody of client funds or securities unless the instance of custody is identified in these procedures as a permitted form of custody or is pre-approved in writing by the CCO. It is imperative that Supervised Persons understand the definition of custody to avoid inadvertently violating the Firm's policies and procedures.

13.2 Definition of Custody

Under SEC Rule 206(4)-2, the SEC defines custody very broadly as holding directly or indirectly client funds or securities or having the authority to obtain possession of them. Custody includes:

1. possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless the Firm receives them inadvertently and returns them to the sender promptly but in any case within three business days after receiving them;

   Important: Although the SEC's definition of custody would not include the inadvertent receipt of funds or securities that are returned to the sender within three business days, it is the Firm's policy to return funds and securities to the

sender promptly. “Promptly” means on the same day that the check or securities are received but in no case later than noon of the business day following receipt.

2. any arrangement (including a general power of attorney) under which the Firm is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the Firm’s instructions to the custodian; and
3. any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle or trustee of a trust) that gives the Firm or a Supervised Person legal ownership of or access to client funds or securities.

This formal definition of custody has been clarified and explained through a series of a communications from the SEC called Staff Responses to Questions About Amended Custody Rule. As a means to monitor the SEC’s current stance on various custody practices, the Designated Supervisor should periodically review newly released versions of the SEC’s responses to questions about custody, which are posted online at www.sec.gov .

13.3 Examples of Custody

An Advisory Representative will be deemed to have custody if he directly or indirectly holds client funds or securities, has any authority to obtain possession of them, or has the ability to appropriate them. It is important to note that actual possession of client funds or securities is not necessary to establish custody — access to or control of the funds or securities is sufficient. To avoid inadvertently taking custody of client funds or securities, Advisory Representatives must have a thorough understanding of what constitutes custody. For this reason, the Firm has compiled a list of custody situations prohibited by the Firm.

13.3.1 Prohibited Forms of Custody

Examples of custody prohibited by the Firm include situations in which an Advisory Representative:

1. Has signatory power over a client's checking account;
2. Receives third party checks, which are checks drawn on an account not belonging to the client. Advisory Representatives are prohibited from accepting third party checks from advisory clients unless they are in relation to the Firm’s business as a broker-dealer.

3. Receives stock certificates. Advisory Representatives are prohibited from accepting securities from advisory clients unless they are received by the Firm in its capacity as a broker-dealer.
4. Has a general power of attorney over a client's account, even if such client is a family member;
5. Maintains an omnibus-type account in his own name at a broker or bank in which client securities are maintained after trades settle;
6. Obtains his advisory fees by directly billing client custodians without effective oversight by the client or an independent party;
7. Serves as a trustee, conservator, or executor for a client who is not a family member;
8. Has the ability to print client checks at the branch office;
9. Possesses the username and password to a client's account if such login credentials allow the disbursement of funds;
10. Holds a client's mail containing a client's funds or securities, even if the Advisory Representative does not know whether the mail contains client funds or securities;
11. Accepts checks not made payable to the appropriate clearing firm, custodian, fund company, or other proper third party;
12. Accepts checks made payable to the Firm and such checks do not constitute payment for advisory services;
13. Has the ability to receive directly the proceeds of a redemption or liquidation;
14. Has the unilateral ability to wire funds from client accounts without authorization; or
15. Serves as general partner of a limited partnership (or manager of an LLC) for any pooled investment fund in which an advisory client has invested.

The aforementioned list is not inclusive of all instances in which the Firm could be deemed to have custody. Therefore, Advisory Representatives should consult with the Designated Supervisor if they have any questions or believe a business practice might constitute custody.

An Advisory Representative is expected to notify the Designated Supervisor if he or another Supervised Person inadvertently takes custody of client funds or securities. Notification to the Designated Supervisor allows the Firm to document the incident and

take the appropriate corrective action. Due to the complexity of custody situations, it is the Firm's policy not to punish Supervised Persons who, in good faith, inadvertently take custody of client funds or securities but immediately report the incident upon recognizing it as custody. On the other hand, intentional violations of the Firm's custody procedures, especially repeat violations, may result in harsh discipline, including termination for cause.

The Designated Supervisor will perform a periodic assessment of the Firm's business to ascertain whether the Firm or its Advisory Representatives have taken custody of client funds or securities in an impermissible manner. The CCO is responsible for overseeing the Firm's custody practices and the safeguarding of client funds and securities.

13.3.2 Permitted Forms of Custody

The Firm currently permits no form of custody other than the following:

- Prompt forwarding of securities received by the Firm's affiliated broker-dealer; and
- Prompt forwarding of third party checks received from advisory clients.

Note: The Firm may accept authorization to deduct advisory fees directly from client accounts. The SEC has referred to this billing practice as a type of "limited" custody. Although this billing practice may meet the technical definition of custody, the SEC has directed those investment advisers that have custody solely because they deduct advisory fees to mark "no" when questioned on the Form ADV as to whether they have custody of client cash or securities. Unlike the SEC, some state regulators may consider the direct deduction of fees to be a substantive form of custody and require the investment adviser to disclose it as such. Some states have requirements that go beyond disclosure and expect investment advisers to deliver invoices to clients prior to the deduction of fees from their accounts.

13.3.3 Exceptions

In exceptional cases, the Designated Supervisor may approve instances of custody. If an Advisory Representative or an affiliate is seeking permission to take custody of client funds or securities, such person must make the request in writing and obtain prior approval from the Firm. For any approved exceptions, the Designated Supervisor must maintain a record of the approval and a description of the custody event. The Firm contemplates approving exceptions only for compelling business reasons that would justify (1) the potential audit costs related to the surprise examination and internal control report described below, and (2) the increased compliance costs and risks associated with monitoring custody situations.

13.4 Surprise Examination

With limited exceptions, investment advisers with custody must subject themselves to annual surprise examinations conducted by an independent accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB). The purpose of these surprise examination is to verify the funds and securities of which the Firm has custody. The CCO is responsible for engaging an accountant and ensuring that the annual surprise examination is timely completed for any calendar year in which the Firm has custody of client funds or securities.

The accountant's procedures to meet the objective of the surprise examination should normally include:

- Confirmation with the qualified custodian(s) of client funds and securities as of the date of the examination and that the client's funds and securities are held in either a separate account under the client's name or in accounts under the name of the investment adviser as agent or trustee for clients;
- Confirmation with the client of funds and securities held in the account as of the date of the examination and contributions and withdrawals of funds and securities to and from the account since the date of the last examination (where confirmation replies are not received, the accountant should perform alternative procedures; and
- Reconciliation of confirmations received and other evidence obtained to the investment adviser's records.

The Designated Reviewer will review the accountant's surprise examination report to verify that it asserts that the accountant used the procedures described in the Commission Guidance Regarding Independent Public Accountant Engagements Performed Pursuant to Rule 206(4)-2 Under the Investment Advisers Act of 1940 ("Accountant Guidance Release").

13.5 Internal Control Report

Investment advisers or affiliates that act as qualified custodians of client funds or securities must obtain an annual internal control report. The CCO is responsible for engaging an accountant and ensuring that the internal control report is timely completed for any calendar year in which the Firm has custody of client funds or securities. According to the Accountant Guidance Release, the internal control report should address the control objectives and associated controls related to the areas of client account setup and maintenance and setup, processing of income and corporate

action transactions, reconciliation of funds and securities to depositories and other unaffiliated custodians, and client reporting.

The Designated Reviewer will review the accountant's internal control report to verify that it meets the requirements contained in the Accountant Guidance Release.

13.6 Use of Qualified Custodian

With limited exceptions, the Firm must use a qualified custodian to maintain the funds and securities of its clients. Qualified custodian is defined in SEC Rule 206(4)-2 and includes registered broker-dealers, registered futures commission merchants, many banks, and certain foreign financial institutions.

13.6.1 Delivery of Account Statements

The Firm is required to have a reasonable basis, after due inquiry, for believing that the qualified custodian sends an account statement, at least quarterly, to each client for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. The Designated Supervisor may use any acceptable means to establish reasonable belief that the qualified custodian is delivering account statements, but the method employed should be documented.

13.6.2 Notice to Clients

The Firm is obligated to notify a client in writing if it opens an account for the client. The notification must include the qualified custodian's name, address, and the manner in which funds or securities are maintained. The notification must be made promptly upon account opening and following any changes to the information contained in the notification. As a matter of policy, the Firm does not open an account for a client or transfer client securities or funds among qualified custodians without obtaining the prior approval of the client.

13.6.3 Independent Representative

A client may designate an independent representative to receive, on his behalf, the account statements and notices described above. "Independent representative" is defined as a person that:

1. Acts as agent for an advisory client, including in the case of a pooled investment vehicle, for limited partners of a limited partnership (or members of a limited liability company, or other beneficial owners of another type of pooled investment vehicle) and by law or contract is obliged to act in the best interest of

the advisory client or the limited partners (or members, or other beneficial owners);

2. Does not control, is not controlled by, and is not under common control with the Firm; and
3. Does not have, and has not had within the past two years, a material business relationship with the Firm.

The Firm will require the client to make the designation in writing. The Designated Supervisor will not accept the designation until the Firm has verified that the independent representative meets all three requirements enumerated above. For each request to designate an independent representative, the Firm will maintain a record of the request in the client's file (or other location specified by the Designated Supervisor).

13.6.4 Exceptions

Described below are four notable exceptions found in SEC Rule 206(4)-2 related to qualified custodians and custody:

1. **Mutual Funds -** Where the client is holding a mutual fund, the Firm may treat the mutual fund's transfer agent as a qualified custodian (*i.e.,* the mutual fund shares need not be held at a broker-dealer).
2. **Certain Privately Offered Securities –** The requirement to use a qualified custodian is not applicable where the client is holding uncertificated securities acquired in a private placement and the securities are restricted by requiring prior issuer consent to transfer the securities ***provided*** that the issuer, if a partnership or LLC, distributes annual audited statements as set forth below.
3. **Limited Partnerships, LLCs, and Pooled Entities -** A limited partnership, LLC, or pooled entity does not have to comply with the requirements of sending quarterly statements if at least annually it distributes to its partners, members, or beneficial owners its audited financial statements prepared in accordance with generally accepted accounting principles (GAAP) within 120 days of the end of its fiscal year.
4. **Registered Investment Companies –** The Firm is not required to comply with SEC Rule 206(4)-2 with respect to the account of an investment company registered under the Investment Company Act of 1940.

13.7 Supervision of Custodians

Regardless of whether the Firm has custody, it has a duty to monitor third party custodians of its clients' funds and securities. The Firm maintains a system reasonably designed to monitor and review custodian activity. Under the direction of the CCO, this system could entail any of the following:

- Periodic evaluation of custodian facilities to identify personnel, procedures, location of securities on deposit, etc.
- Periodic review of the custodian's internal control report.
- Requiring periodic physical inspection and securities count by custodian for each account (or mutual fund portfolio).
- Periodic review of custodian records of receipts/disbursements of customer funds and securities to reconcile them with the Firm's records.
- Periodic review and verification of activity in custodian accounts in name(s) of clients.
- Reconciliation of records on customer account balances and transactions with those maintained by custodians.
- Limiting authority or control over actions in the account.

13.8 Inadvertent Receipt of Funds or Securities

If the Firm inadvertently receives client funds or securities that cannot be accepted, Supervised Persons should follow these guidelines to ensure that the Firm avoids assuming custody of the funds or securities:

1. **Notify the Designated Supervisor** – Immediately notify the Designated Supervisor or another supervisor that the Firm has received a check or securities that cannot be accepted. "Immediately" means as soon as the Firm opens an envelope containing, or otherwise receives, unacceptable checks or securities. The possession of the check or securities poses a compliance risk to the Firm, and the Designated Supervisor will want to oversee the proper handling of the check or securities. Notification to the Designated Supervisor may be made orally or in writing. Upon receiving notification, the Designated Supervisor may give specific instructions that must be followed.
2. **Document Receipt of the Funds or Securities** – Fill out all the required fields on the Firm's checks/securities received and forwarded blotter.

3. **Make Photocopies of the Funds or Securities** – Use a photocopier or scanner to copy both sides of the check or securities for recordkeeping purposes.
4. **Return the Funds or Securities to the Sender** – Promptly mail the check or securities back to the sender using a safe delivery method (preferably one that allows for tracking). "Promptly" means on the same day that the check or securities are received but in no case later than noon of the business day following receipt. (Any check or securities temporarily in the Firm's possession must be safeguarded at all times.) Include a letter with the returned check or securities explaining why the check or securities are being returned and how the sender may deliver the check or securities in the future. It is a good practice to verify that the returned check or securities are received by the intended recipient, which can usually be accomplished by tracking the letter or calling the intended recipient.
5. **Maintain Records** –Ensure that the Firm maintains the records described above and any other documentation evidencing the prompt return of the inadvertently received check or securities.

The Designated Supervisor has the authority to implement additional policies and procedures to ensure the proper handling and return of inadvertently received funds or securities. The Designated Supervisor is responsible for training and overseeing those Supervised Persons who receive mail or are otherwise in a position to inadvertently receive checks or securities.

14. Financial Controls

14.1 Purpose

CapFinancial Partners, LLC doing business as CAPTRUST (the "Investment Adviser" or "RIA") and CapFinancial Securities, LLC ("the "broker/dealer"or "BD") provide service to the clients of CAPTRUST. CapFinancial Partners, LLC and CapFinancial Securities, LLC (referred to hereafter collectively as the "Firm") are affiliated by common ownership.

The Firm implements these Financial Control Procedures to set forth the Firm's procedures with respect to the handling of customer funds. Handling of customer funds is a priority and will be a focus of internal inspections. It is important that checks are properly handled, logged, endorsed, and promptly forwarded.

14.2 Receipt of Customer Funds

The Firm may receive customer checks made payable to an appropriate third party (*e.g.,* clearing firm, insurance company, investment company, other custodian, or the customer). The Firm may also receive customer checks made payable to The Firm.

14.2.1 Direct Business

Customer checks for "direct business" must be made payable to the appropriate third party, which is typically an investment company or insurance company.

14.2.2 Clearing Firm Business

Customers checks for clearing firm business may be made payable either directly to the clearing firm or to Firm.

14.2.3 Third Party Checks

Third party checks[1] may be accepted; however, a third party check must be scrutinized because the check is drawn on an account not belonging to the customer (*i.e.,* the check writer, or the drawer of the check, is not the customer). Since the check writer is unknown to the Firm, third party checks should be reviewed for anti-money laundering (AML) concerns, including the source of the funds and an OFAC search of the check writer.

[1] A third party check is any check that is drawn on an account with a name that is not identical to the name on the customer's account.

14.2.4 Double-Endorsed and Multiple-Endorsed Checks

The Firm discourages the acceptance of checks endorsed over to a customer[2]. The acceptance of such checks must be approved by a supervisor and documented. The Firm must follow the clearing firm's guidelines on endorsing customer checks.

14.2.5 Checks Made Payable to the Firm

Checks made payable to The Firm may be accepted for clearing firm business only.

14.2.6 Checks Made Payable to Other Custodians

Checks made payable to a custodian such as Fidelity or Schwab may be accepted for forwarding directly to the custodian within 24 hours of receipt.

14.2.7 Unacceptable Forms of Customer Deposits

The following customer deposits are unacceptable and must be returned to the customer:

1. Coin or currency;
2. Foreign instruments;
3. Thrift withdrawal orders;
4. Domestic drafts;
5. Checks not endorsed in accordance with the Uniform Commercial Code;
6. Checks referring to more than one account (the clearing firm does not split proceeds from one check into multiple accounts);
7. Checks from minors;
8. Stale-dated checks (over three months old);
9. Any checks from federal, state, or local entities;
10. Travelers checks; and
11. Credit card checks.

14.2.8 Cash and Cash Equivalents

The Firm prohibits the receipt of cash and all cash equivalents. A Registered Representative should immediately notify the Firm's Anti-Money Laundering Compliance Officer (AMLCO) if a customer requests that the Firm accept cash.

[2] The Uniform Commercial Code allows a check to be transferred to a new owner any number of times. In practice, however, double-endorsed and multiple-endorsed checks are uncommon since it is difficult to verify the signatures of all endorsers. The Firm discourages the acceptance of any checks endorsed over to a customer because such checks require not only an AML review of the check writer but also a review of the payee(s) who endorsed the check over to the customer.

14.3 Prompt Forwarding and/or Depositing of Customer Funds

The Firm must promptly forward/deposit customer checks. Promptly forwarded is defined as by noon of the next business day. Any checks that are held overnight are to be safeguarded.

14.4 Account Number on Customer Checks

To ensure that customer checks post to the proper account, the customer's account number should be legibly written on the front of the check. If the customer has not already written the account number on the check, the Associated Person should determine the account number and write it on the memo line or on the top of the check.

14.5 Endorsement Stamp

Checks for deposit at a clearing firm will be endorsed with the following stamp:

FOR DEPOSIT ONLY
BANK OF AMERICA
525 PERSHING LLC 525
CLEARING FOR BD
LACK OF ENDORSEMENT GUARANTEED

The endorsement stamp is accessible only to authorized persons at the Firm and will be kept locked in a case when not in use.

14.6 Customer Checks Electronically Deposited

First, checks are scanned to client file (by a trained supervised associated person) and emailed to Client Management Consultant (CMC), secondly, write the account number on the check; Cash Receipts in Pershing NetX360 ops center, quality control review, scan in Remitpro machine with user id/pw for deposit to Pershing Account. Original checks are filed together with hard copy of cash receipt blotter.

14.7 Supervision of Checks Made Payable to the BD

The BD's Financial Operations Principal, Denise Buchanan (FINOP) (or Mary Earls/FINOP, OR Mike Strother/FINOP) is responsible for directly supervising the handling of checks made payable to the BD. The FINOP may appoint other qualified principals, such as a

Compliance Officer to oversee such checks. Additionally, any branch authorized to handle customer checks will be required to have a designated principal on-site. The FINOP must ensure that these checks are promptly deposited and that the funds post to the clients' accounts. In the event the FINOP or designee is absent or unavailable, another qualified Principal or FINOP may directly supervise the handling of checks made payable to The BD.

14.8 Checks Received and Forwarded Log

The Firm will keep a Checks Received and Forwarded Log to evidence, among other things, the date each check was received and forwarded/deposited. The Firm must ensure that a copy of the front and back of each check is made and filed appropriately. The FINOP is responsible for the maintenance of the checks log and the file containing copies of customer checks.

14.9 Branches

Only authorized branches may deposit customer checks. Any other branches must ***promptly*** forward customer checks to the main office. Branches authorized to deposit customer checks may allow only authorized persons to have access to the endorsement stamp. The endorsement stamp must be kept under lock when not in use. Additionally, any branch that accepts customer checks will be required to have a Series 24 designated principal on-site. Such principal will be responsible for the supervision of such customer checks.

14.10 Monitoring of Net Capital

Since clients of CAPTRUST are customers of CapFinancial Securities, LLC (the broker/dealer), the Firm's ability to accept third party checks made payable to the customer (for deposit to the customer's account) or to The Firm (for deposit to the clearing firm) is contingent upon the broker/dealer maintaining net capital of $250,000 or greater, the FINOP must take immediate action to ensure that the broker/dealer no longer accepts checks made payable to it if net capital falls below the minimum $250,000 requirement. The FINOP is required to notify the CCO if net capital falls below 120% of the minimum required. The CCO will take appropriate action to ensure that the broker/dealer ceases accepting customer checks made payable to The Firm if the net capital deficiency is not adequately remedied.

14.11 Training

The FINOP and the Chief Compliance Officer are responsible for training Associated Persons to handle customer funds in accordance with the Firm's policies and procedures.

14.12 Approval of AP and General Ledger

1) Invoices coming into the Main Office are opened by Boehly, Dawn, Operations Consultant, (CRD 2337472) and processed by the Finance and approved by Denise Buchanan, CCO & FINOP (CRD#1284353).

2) Copies of invoices are delivered to the Firm manager to which department the invoice is attributable. [A list of The Firm Managers approving invoices is listed below]. The manager sends the invoice approval via email to the Finance Dept. Mikki Monroe, Finance Associate in the Finance Department, checks for accuracy of the invoices and whether the items are usual and customary. Mikki Monroe in the Finance Dept will submit entire roster of the manager-approved invoices each week to the FINOP for review and "final" approval. Approvals are sent back via email.

   MANAGERS APPROVING INVOICES
   Denise Buchanan, Chief Compliance Officer/FINOP
   Mike Strother, FINOP
   Ben Goldstein, Chief Operations Officer
   Bonnie McCullough, Senior Director, Finance
   John Curry, Senior Director, Marketing
   James Stafford, Director, Information Technology
   Mary Earls, Senior Manager, Finance
   Tim Martin, Team Leader, Finance

   Occasionally, Invoices come directly into the Clarkston Branch. Those invoices are processed by Mary Earls, Manager, Finance and submitted for approval by the FINOP.

   Once FINOP approval has been documented, approved invoices will be sent to Thomas Judy and Tucker (TJT) (via secure upload of a pdf). Originals are kept at the firm.

3) An Account Representative at TJT [Accounts Payable Clerk], enters the approved invoices into the accounting system and the check register is produced. John Detelich, Account Coordinator [Supervisor] (CRD#58873478), [quality] checks for accuracy and forwards the register to the manager(s) of Finance (either to Tim Martin, Manager or Mary Earls, Senior Manager). Account Representatives at TJT are considered nonregistered associated persons and are fingerprinted and an NRF form is filed on the CRD.

4) Transfer instructions will be submitted to the Bank (Suntrust) by Mary Earls, Senior Manager, Finance, after FINOP approval has been documented via email.

5) Each month the General Ledger is reviewed by Mary Earls, Senior Manager, Finance under the supervision of the FINOP.

14.13 Constructive Custody

Conditions by which the RIA may be deemed to have "custody" include the following:

1. Financial Advisors who have been permitted to act as trustee (or custodian) of a client's accounts (such as a life insurance trust or child's UTMA account). In this case, accounts are reviewed and approved by Compliance Officers and/or General Securities Supervisors. Accounts/assets are treated as employee-related and covered under the Firm's Code of Ethics.
2. Financial Advisors who have been asked to monitor client accounts not held at the clearing firm such as a retirement plan (participant level) account or variable annuity.
3. The RIA's portfolio accounting and performance reporting team(s) maintain log in information for clients who have requested that the RIA include those "held away" assets in periodic consolidated reports. In this case the RIA utilizes third party service provider "Buy All Accounts" which is a data aggregator providing an "electronic data feed" into the RIA's portfolio accounting/performance reporting system (APX).
4. Consequently the firm occasionally possesses login and password information allowing unrestricted access to client assets held away from the clearing firm.
   SEC Guidance indicates if an adviser has the (User) ID number and password to a client's retirement plan or pension fund account, then the adviser has custody if the password access provides the adviser with the ability to withdraw funds or securities or transfer them to an account not in the client's name. Additionally, if the adviser is able to change the address associated with the account for which the adviser is retrieving information, then the RIA will be deemed to have custody.

14.14 Audit Procedures (Custody)

Accounts for which the Firm is deemed to have custody are subject to an annual "surprise audit" by an independent third party.

14.14.1 Surprise Examination

Since the RIA is deemed to have custody, the RIA is subject to an annual surprise examination conducted by an independent accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB).

The purpose of these surprise examination is to verify the funds and securities for which the Firm has been deemed to have custody (whether actual or constructive). The CCO is responsible for engaging an accountant and ensuring that the annual surprise examination is timely completed for any calendar year in which the Firm has custody of client funds or securities. Independent Under Rules 206(4)-2 and 204-2(b) of the Act

14.14.2 Internal Control Report

Investment advisers or affiliates that act as qualified custodians of client funds or securities must obtain an annual internal control report. The CCO is responsible for determining the necessity of an internal control report and will engage an accountant if the need arises.

14.14.3 Audit Procedures

1. Accounts for which the Firm is deemed to have custody are subject to periodic forensic testing by Compliance Officers.
2. Forensic testing includes (periodic and random) auditing of activity in accounts for which the firm or its associated persons are deemed to have custody.

14.15 Third Party Service Providers

In accordance with guidance by regulators, the Firm shall conduct apply the following procedures when engaging third party service providers:

1) Due Diligence – Due Diligence is not to be completed on a one-time basis, but rather, the Firm shall regularly investigate and review their service providers, including but not limited to:

- Periodic reviews of qualifications/capabilities with respect to the specific services being delegated to the service provider;
- Background checks may include fingerprinting depending upon the type of services being provided;
- Evaluation of the effectiveness of the reports prepared by the service provider and the appropriateness of the frequency with which the reports are produced;
- Periodic review to ensure that the service providers are performing all contracted functions;

- Verification that service providers are aware, compliant, and current with regard to securities regulations and firm policies and procedures'
- Periodic on-site visits to the service provider's facilities to view operations in action.

2) Evaluate Independence/Disclose affiliations;
3) Monitoring of service providers/service on an ongoing basis.

15. Disclosure Accuracy

Fundamental to the Investment Advisers Act is the investment adviser's fiduciary duty to act in the best interests of its clients and to place its clients' interests before its own. In the role of fiduciary, the Firm and its Advisory Representatives have the affirmative duty of utmost good faith and full and fair disclosure of all material facts. The Firm is required to disclose any facts that might cause it or its Advisory Representatives to render advice that is not disinterested. When the Firm fails to disclose information regarding potential conflicts of interest, clients are unable to make informed decisions about entering into or continuing the advisory relationship.

15.1 Failure to Disclose

Examples of failures to disclose material information to clients include the following scenarios:

- The Firm fails to disclose all fees that a client would pay in connection with the advisory contract, including how fees are charged and whether fees are negotiable;
- The Firm fails to disclose an affiliation with a broker-dealer, issuer, or other financial services company;
- The Firm fails to disclose that it is in a precarious financial condition that is likely to impair its ability to meet contractual commitments to clients.

The Designated Supervisor is responsible for all disclosures, including those found in advisory agreements, contracts, and Form ADV.

15.2 Financial, Disciplinary, and Other Material Disclosures

If applicable, the Designated Supervisor must consider other relevant disclosures to clients, including the following financial and disciplinary events:

- A financial condition of the Firm that is reasonably likely to impair the ability of the Firm to meet contractual commitments to clients;
- A legal or disciplinary event that is material to an evaluation of the Firm's integrity or ability to meet contractual commitments to clients;
- A criminal or civil action in a court of competent jurisdiction in which the Firm or a Management Person was convicted, pleaded guilty or "no contest'' to a felony or misdemeanor or is the named subject of a pending criminal proceeding, and such action involved an investment-related business; fraud, false statements, or omissions; wrongful taking of property; or bribery, forgery, counterfeiting, or extortion;
- The Firm's or a Management Person's involvement in a violation of an investment-related statute or regulation;
- Proceedings by a self-regulatory organization in which the Firm or a Management Person was the subject of an order that barred or suspended membership or resulted in a fine more than $2,500.

The aforementioned events do not form an exhaustive list of disclosures that would be deemed material. On a case-by-case basis, the Designated Supervisor must make the determination whether an item requires disclosure. Attorneys or consultants may be utilized to assist in the determination.

Definition of Management Person – A "Management Person" is any person with the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Firm or to determine the investment advice given to clients.

15.3 Written Disclosure Brochure

SEC Rule 204-3 under the Advisers Act, commonly referred to as the "brochure rule," generally requires every investment adviser to deliver to each client or prospective client a Form ADV Part 2A (brochure) and Part 2B (brochure supplement) describing the adviser's business practices, conflicts of interest, and background of the investment adviser and its advisory personnel. An adviser must deliver the brochure to a client before or at the time the adviser enters into an investment advisory contract with a client. An adviser must deliver to each client or prospective client a current brochure supplement for a supervised person before or at the time that supervised person begins to provide advisory services to the client. Advisory Representatives are responsible for delivering the Firm's brochure and brochure supplements to clients and, if needed, helping them understand the disclosures and answering any questions.

15.4 Annual Delivery or Offer

Annually within 120 days after the end of the fiscal year and without charge, if there are material changes in the brochure since the last updating amendment, the Firm will deliver to each client to whom it must deliver a brochure either:

1. A copy of the current (updated) brochure that includes the summary of material changes as required by Item 2 of Form ADV, Part 2A; or
2. A summary of material changes that offers to provide the current brochure without charge, accompanied by the website address (if available) and an email address and a telephone number by which a client may obtain the current brochure from the Firm, and the website address for obtaining information about the Firm through the Investment Adviser Public Disclosure (IAPD) system.

The Designated Supervisor is responsible for ensuring that the annual delivery or offer is made to clients.

15.5 Form ADV Annual Updating Amendment

The Designated Supervisor will amend Form ADV each year by filing an annual updating amendment within ninety days after fiscal year end. Part 1 and Part 2A is filed electronically through IARD.

15.6 Large Trader Reporting Obligations under SEC Rule 13h-1

15.6.1 Rule 13h-1

Rule 13h-1 helps the SEC identify and obtain trading information on market participants that conduct a substantial amount of trading activity in the U.S. securities market. The rule imposes filing requirements on investment advisers and other entities that meet the definition of "large trader."

15.6.2 Definition of Large Trader

A "larger trader" is any person that directly or indirectly, including through other persons controlled by such person, exercises investment discretion over transactions in NMS securities that equal or exceed:

1. 2 million shares or $20 million during any calendar day; ***or***
2. 20 million shares or $200 million during any calendar month.

For purposes of Rule 13h-1 and these procedures, the aforementioned thresholds are referred to as the "Identifying Activity Level." An investment adviser or other person that has not yet met the Identifying Activity Level may voluntarily register as a large trader.

15.6.3 Value and Volume of Transactions in Options

When determining value and volume of equity options, large traders must use the volume or fair market value of the equity securities underlying the options. However, for index options, the large trader should use the fair market value of the options (rather than the value of the underlying securities). Volume for index options does not need to be calculated.

15.6.4 Aggregation of Accounts

The definition of large trader focuses on the entity or parent company controlling the investment adviser. In determining large trader status, a person must aggregate the accounts over which it has investment discretion with those accounts over which anyone controlled by such person (for example, a subsidiary) exercises investment discretion. Consequently, a parent company of an investment adviser must aggregate the trading activity of the investment adviser with the trading activity of all other entities controlled by the parent company. If the aggregated trading activity equals or exceeds the Identifying Activity Level, the parent company is a large trader and would be required to report information on behalf of itself and the affiliates under its control.

15.6.5 Form 13H

A large trader is required to file a Form 13H Initial Filing promptly after effecting aggregate transactions equal to or greater than the Identifying Activity Level threshold. If and when the Firm becomes a large trader, the Designated Supervisor will promptly file Form 13H with the SEC and make the required annual filings thereafter.

15.6.6 Large Trader Identification Number

If the Firm files Form 13H, the SEC will assign it a large trader identification number ("LTID"). The LTID must be provided to each broker-dealer effecting transactions on behalf of the large trader. Each account over which the large trader exercises investment discretion should be "tagged" with the LTID so that the broker-dealer can meet its recordkeeping requirements with respect to those accounts.

15.7 Other Federal Requirements

The Firm may be subject to reporting requirements under certain provisions of the Securities Exchange Act of 1934 ("Exchange Act"), other federal laws, and similar laws of

other countries. The Designated Supervisor will periodically assess the need to make the filings described below.

15.7.1 Form 13F

Form 13F must be filed electronically on the SEC EDGAR system by an institutional investment manager that exercises investment discretion with respect to accounts holding certain equity securities (including exchange-traded and NASDAQ-quoted equity securities) having an aggregate fair market value of at least $100 million on the last trading day of any month. Any person subject to this provision must initially file within 45 days after the last day of the year in which $100 million is obtained and thereafter 45 days after the end of each subsequent quarter. After an initial filing of Form 13F, an investment adviser must make quarterly filings for as long as it continues to manage $100 million of the equity securities on a discretionary basis.

15.7.2 Section 13(d)

Section 13(d) of the Exchange Act requires a beneficial owner of more than five (5) percent of a class of publicly traded equity securities to file a report with the issuer, the SEC, and those national securities exchanges where the securities trade within ten (10) days of the transaction resulting in beneficial ownership exceeding five (5) percent identifying, among other things, the source and amount of funds used for the acquisition and the purpose of the acquisition. The concept of beneficial ownership is defined broadly, and an investment adviser may be deemed to be the beneficial owner of shares held in client accounts (and shares held in proprietary accounts) if the investment adviser has or shares either of the following: (i) voting power, which includes the power to vote or direct the voting of the shares; or (ii) investment power, which includes the power to dispose or direct the disposition of such security. The rules under Section 13(d) require that a Schedule 13D be amended promptly to reflect material changes in the information included therein.

15.7.3 Section 13(g)

Section 13(g) of the Exchange Act provides an alternative beneficial ownership reporting scheme for acquisitions by certain investment advisers and other institutional or passive investors who acquire securities in the ordinary course of their business and not for the purpose of changing or influencing control of the issuer. "Qualified institutional investors" may file Schedule 13G, as opposed to Schedule 13D, when their beneficial ownership of a company's outstanding stock exceeds five (5) percent. A "qualified institutional investor," includes an investment adviser and a registered investment company, among others. A "passive investor" is an owner of securities other than a "qualified institutional investor," who owns more than five (5) percent of a class of

outstanding registered securities, provided they do not own the securities for the purpose of changing or influencing control of the issuer, and they hold no more than twenty (20) percent of the class of securities.

15.7.4 Section 16

Section 16 requires a person that is greater than a ten (10) percent shareholder of a publicly traded company to file certain disclosure reports and be subject to disgorgement of profits from purchases or sales of such equity securities within any six-month period. The purpose of Section 16(a) is generally aimed at preventing "insiders" (directors and officers and those who own a significant percentage of a company (10% or more)), from profiting on "short term" (less than 6 months) trading in securities in their company. The following forms are used for reporting insider ownership:

- **Form 3.** In general, insiders must file an initial Form 3 within 10 days of becoming subject to Section 16.
- **Form 4.** This form is used to report any non-exempt transaction in an issuer's equity securities and any exercise and conversions of derivative securities (whether exempt or not). This form must be filed by the end of the second day after the execution of the transaction.
- **Form 5**. This form is used to report exempt transactions and other transactions not previously reported. Joint filing is permitted in cases where more than one person subject to Section 16 is considered the beneficial owner of the same equity securities.

15.7.5 Rule 144A

The Securities Act of 1933 provides a non-exclusive safe harbor from a person being deemed to be an "underwriter" for certain resales of restricted or unregistered securities to specified categories of "qualified institutional buyers" or "QIBs." A registered investment adviser qualifies as a QIB if it is acting for its own account or the accounts of other QIBs and it in the aggregate owns and invests on a discretionary basis at least $100 million in securities of unaffiliated issuers.

15.7.6 Hart-Scott-Rodino Filings

The Hart-Scott-Rodino Antitrust Improvements Act (HSR Act, part of the Clayton Act) requires that certain parties to certain types of mergers and acquisitions (which include acquisitions of securities) make a filing with the Federal Trade Commission (FTC) and Department of Justice before consummating the transaction so the transaction can be reviewed for its potential anticompetitive (antitrust) effects. Filings are generally

required if a size-of-parties test and a size-of-transaction test are both met. Special and complex rules govern how these thresholds are calculated.

15.8 Federal and State Law Investment Limits

Neither the Firm nor its Advisors may acquire securities of an issuer for accounts if the aggregate acquisitions exceed applicable limits established by various federal and state laws. There are a variety of state and federal laws that place limits on the total percentage of an issuer's securities that may be acquired. Since these laws are generally intended to prevent a person (or group of persons) from acquiring a controlling interest in a company that is in a highly regulated industry, the Firm and its Advisor will consider aggregate acquisition limits when acquiring large positions (5% or more of outstanding voting securities) of the following types of issuers: banks and bank holding companies; thrifts and savings and loan holding companies; owners of broadcast licenses; airlines; railroads; water carriers and trucking concerns; holders of mineral leases; holders of nuclear licenses; casino and gaming businesses; insurance companies; and public service companies (*e.g.,* gas, electric, and telephone services). Acquisition limits may apply to other types of issuers not identified above. Moreover, Advisors should be aware that similar limits may arise in foreign jurisdictions.

16. MARKETING ADVISORY SERVICES

Rule 206(4)-1 defines the term "advertisement" very broadly to include any notice, circular, letter, or other written communication addressed to more than one person, or any announcement in any publication or by radio or television, which offers:

1. any analysis, report, or publication concerning securities, or which is to be used in making any determination as to when to buy or sell any security, or which security to buy or sell; or
2. any graph, chart, formula, or other device to be used in making any determination as to when to buy or sell any security, or which security to buy or sell; or
3. any other investment advisory service with regard to securities.

Accordingly, advertisements could include written communications to investors and potential investors, such as flip books, marketing materials, client reports, portfolio commentary, and similar documents. All of these materials are subject to the general antifraud provisions of the Investment Advisers Act and are subject to certain content restrictions. Therefore, Advisory Representatives must obtain approval from the CCO

before they send any written communications qualifying as an advertisement to clients or prospective clients.

16.1 Specific Restrictions under the Investment Advisers Act

The Investment Advisers Act places specific restrictions on the content of advertisements. Accordingly, the Firm may not publish, circulate, or distribute any advertisement which:

1. Refers, directly or indirectly, to any testimonial concerning the Firm or concerning any advice, analysis, report, or other service rendered by the Firm;
2. Refers, directly or indirectly, to past specific recommendations of the Firm that were or would have been profitable to any person, *unless* the advertisement includes, or offers to furnish, a list of all recommendations made by the Firm within at least the preceding year;
3. Represents, directly or indirectly, that any graph, chart, formula, or other device can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them; or which represents directly or indirectly, that any graph, chart, formula, or other device being offered will assist any person in making his own decisions as to which securities to buy, sell, or when to buy or sell them, without prominently disclosing the limitations and difficulties with respect to its use;
4. Contains any statement to the effect that any report, analysis, or other service will be furnished free of charge, unless such report, analysis, or other service actually is or will be furnished entirely free and without any condition or obligation, directly or indirectly; or
5. Contains any untrue statement of a material fact, or is otherwise false or misleading.

16.2 Use of Performance Data

The SEC places additional restrictions on the use of performance data in the advertisements of investment advisers. Performance data must:

- Be presented net of fees (except in very limited circumstances);
- Disclose the effect of material market or economic conditions on the results listed;
- Disclose whether and to what extent the results listed reflect the reinvestment of dividends or other earnings;

- Disclose the possibility of loss when making claims about potential profits;
- Include a representative mix of accounts rather than selectively choosing accounts that will produce misleadingly high returns (also known as cherry picking);
- Comply with additional restrictions if model results are used; and
- Not use performance generated at a previous adviser except if certain conditions are satisfied.

16.2.1 Portability of Performance Information

The Firm is limited in its ability to provide performance information generated by an Advisory Representative while he worked at a prior firm. To use a person's prior performance, the Firm generally must make certain that (i) no other person played a significant role in generating the performance; (ii) the accounts managed by the person currently are similar to the accounts managed at the prior firm; (iii) all accounts managed in a substantially similar manner are included in the performance calculation; and (iv) the person has the supporting records necessary to demonstrate the calculation of the performance results used in any advertisement. Any use of prior performance must be approved in advance by the CCO.

16.2.2 Records to Support Performance

The Firm must maintain books and records necessary to demonstrate the calculation of any advertised performance. The Firm may satisfy this requirement by keeping (i) client account statements, assuming the account statements reflect all debits, credits, and other transactions in a client's account for the period of the statement, and (ii) all worksheets necessary to demonstrate the calculation of the performance or rate of return.

16.2.3 Global Investment Performance Standards (GIPS)

The SEC does not require the use of the Global Investment Performance Standards (GIPS) and has not officially endorsed these investment performance measurement standards. On the other hand, the SEC has brought enforcement actions against investment advisers who have falsely claimed to be "GIPS compliant." Accordingly, prior approval must be received from the CCO before any claim or suggestion may be made in any communication (including in any response to a request for a proposal) that performance information for any account or fund is "GIPS compliant."

16.2.4 Aberrational Performance

The SEC has an initiative to combat investment fraud by identifying abnormal investment performance through the use of proprietary risk analytics. This initiative is currently focused on hedge fund returns but has the potential to be used to analyze the returns of any investment adviser presenting performance information. In the course of doing business, Advisory Representatives should be watchful of any aberrational performance information—especially extraordinary returns—that could be indicative of misconduct, such as the misrepresentation of investment returns or the failure to properly compute investment returns.

16.3 Client Solicitations

Rule 206(4)-3 limits the ability of investment advisers to make cash payments in return for client solicitations. The client solicitation rule focuses primarily on disclosure. Cash solicitation arrangements can arise in several different situations, including when (1) an Advisory Representative agrees to split a portion of his fees with another person or entity for referrals, or (2) the Firm commits itself to make fixed cash payments to those persons or entities that introduce clients. Any cash solicitation arrangement must:

- Be in writing;
- Not be made with persons statutorily disqualified from association with an investment adviser;
- Ensure that potential clients are informed of the solicitation arrangement;
- Ensure, in the case of third-party solicitors (*i.e.*, non-affiliates), that potential investors receive the investment adviser's Form ADV, as well as a separate written disclosure document from the third-party solicitor.
- Ensure, in the case of affiliated solicitors who do not provide a separate written disclosure document, that a reasonable person would infer from the objective circumstances that the solicitor has an affiliation with the Firm.

All solicitation arrangements, whether with employees of an affiliate or with unaffiliated persons or entities, must be pre-cleared with the CCO. Form ADV must also disclose the use of solicitors. An executed copy of any solicitation agreement must be sent to the CCO and maintained in the Firm's records.

17. CORRESPONDENCE

The Firm's policies and procedures on correspondence overlap with more specific policies on advertising and electronic communications. These policies and procedures are additive and should be read in conjunction with the other sections of this manual.

17.1 Definition of Correspondence

Correspondence includes incoming and outgoing written communications to clients or prospective clients, regardless of the method of transmission (mail, facsimile, personal delivery, courier services, electronic mail, etc.). Correspondence also includes portfolio seminars, panel presentations, prepared speeches, and other types of information originating from a Supervised Person and provided to one or more clients or prospective clients. Interactive conversations (*e.g.*, personal meetings, telephone conversations other than scripted sales calls) generally are not considered correspondence.

17.2 Outgoing Correspondence.

The Designated Supervisor is responsible for ensuring that outgoing correspondence is reviewed, approved, and retained in compliance with the following guidelines and the applicable laws, rules, and regulations governing the activities of the Firm. The Designated Supervisor is responsible for implementing procedures reasonably designed to ensure that correspondence is being adequately reviewed. The Designated Supervisor has the authority to require pre-approval for certain types of correspondence. Moreover, the Designated Supervisor may subject certain Supervised Persons to augmented correspondence reviews based on various risk factors.

Guidelines for Outgoing Correspondence

- Supervised Persons must send and receive all correspondence at such locations and through such channels as instructed by the Firm. Unless authorized by the Firm, Supervised Persons should not be sending or receiving correspondence of a business nature, including electronic correspondence, through their home address or home computer. Text messaging is not an approved or acceptable means for conducting the Firm's business.
- Correspondence must be truthful and not misleading.
- Good taste is required. The use of obscenity or profanity reflects very poorly on the Firm.
- Exaggerated or flamboyant language should be avoided.

- Projections and predictions are not permitted.
- Correspondence regarding securities sold by prospectus generally is not permitted.
- No Supervised Person is authorized to make any statements or supply any information about a security that is the subject of a securities offering other than the information contained in offering materials that have been approved for such offering.
- The Firm prohibits photocopying and distributing copyrighted material in violation of copyright law.
- Use of the Firm's letterhead and other official stationery is limited to matters related to the Firm's business.
- No material marked "For Internal Use" or something to this effect may be sent to anyone outside the Firm.

17.3 Incoming Correspondence

The Designated Supervisor or a qualified designee will open and review incoming correspondence. Correspondence subject to this policy includes letters, facsimiles, courier deliveries, and other forms of communication, including communications marked "personal," "confidential," or words to this effect.

Guidelines for Incoming Correspondence

- Obvious non-client correspondence may be forwarded directly to the addressee.
- Requests for audit letters, references, verification of account positions, and the like will be forwarded directly to the applicable compliance personnel for handling and response.
- Complaints will be immediately forwarded to the CCO and supervisory personnel for handling and reply.
- Original client correspondence will be retained in the Firm's correspondence files and a copy may be given to the addressee.
- Correspondence containing checks or securities must be immediately processed to ensure proper handling of the checks or securities. The Designated Supervisor should be notified if the Firm receives funds or securities that it cannot accept.

- Gift Log Procedures when opening incoming mail:

  1) Every incoming package needs to be opened and gifts need to be logged into the gift log (see CAPTRUST Gift Log), making note of the recipient, the giver, the date, description of the gift and the value.

  2) The recipient should be notified of the gift so that he/she may thank the giver.
  3) Gifts from vendors (like mutual funds or third party administrators, custodians, recordkeepers etc) to CAPTRUST employees should be donated to the CapCommunity Foundation (OR LOCAL CHARITY) after steps 1 & 2, pursuant to CAPTRUST's "No Golf Ball" Rule (see Section 6.1 of this manual for detailed explanation) which is designed to prevent conflicts of interest.
  4) If the gift is a perishable food item, after steps 1 &2, the food may be placed in the Exchange (OR COMMON AREA AT THE BRANCH) to be shared since Capcommunity Foundation is not set up to accept perishable items.
  5) After being logged, gifts addressed to a CMC, FA or Support Staff from a *Client* may be given to the CMC, FA or Support Staff as there is no conflict of interest associated with the giving/receiving of the gift (e.g. the "No Golf Ball" Rule pertains to vendors/service providers that may influence an FA, employee or research person by sending lavish gifts).
  6) If the Client gift is valued at more than $100 (per person) it will need to be returned. Please notify Compliance.

17.4 Correspondence Reviews

Review of correspondence may be evidenced as deemed appropriate by the Designated Supervisor or qualified designee who conducts correspondence reviews. Acceptable means of evidencing review include, among other things, the following:

- Initialing and dating the Firm's file copy of written correspondence.
- Electronically signing or initialing the Firm's electronic file copy.
- Completing a log or task that documents the review.

17.5 Recordkeeping

Copies of correspondence will be maintained as required by applicable SEC rules and state regulations. Supervised Persons are prohibited from destroying correspondence or moving it off-site unless specifically instructed to do so by the Designated Supervisor.

17.6 Personal Mail

Supervised Persons should direct all personal mail to their home address. Personal mail may not be distinguishable from the Firm's mail and is subject to the Firm's review of incoming mail. Mail marked "personal" or "confidential" will be opened by the Firm.

17.7 Cautionary and Protective Legends

If the Firm elects to send clients summary account statements, the SEC requires the Firm to include a cautionary legend that urges clients to compare the account statements they receive from the custodian with those they receive from the Firm. Whereas certain legends are required by law or regulation, the use of others are deemed a best practice. For example, it is advisable to use protective legends that urge clients to notify their Advisory Representatives in the event of any changes to their financial position or investment objectives, or if they wish to impose, add, or modify reasonable restrictions to the management of their accounts. The Designated Supervisor will consider the need for protective legends and, if warranted, require their use on correspondence.

17.8 Email, Social Media, and Electronic Communications

Incoming and outgoing e-mail is correspondence and will be subject to the Firm's correspondence reviews. The Firm's procedures governing email, social media, and other electronic communications are found within this manual under the section titled "Electronic Communications."

18. Electronic Communications

The Designated Supervisor is responsible for ensuring that the Firm's electronic communications systems are being utilized for authorized business purposes in conformance with applicable laws, rules, and regulations. This policy extends to off-hours usage of electronic communications systems and where permitted, to communications concerning the Firm's business on home, personal, or other electronic communications systems. As used in this policy, the term "electronic communications" includes, but is not necessarily limited to, business communications made through any of the following media approved by the Firm:

1. Telephone (including internet telephony devices and related protocols);
2. Electronic mail (e-mail)*;*
3. Facsimile, including e-fax services;
4. The internet, including the world wide web, file transfer protocols ("FTP"), remote host access, etc.;
5. Video teleconferencing; and
6. Social media sites, internet relay chat ("IRC"), instant messaging, bulletin boards, and similar news or discussion groups.

Before using one of the electronic communications enumerated above, Supervised Persons must make sure they are authorized to do so. Certain electronic communications, such as social media, are subject to stringent pre-approval requirements set forth elsewhere in this manual. The Firm's decision to approve one Supervised Person to use a specific form of electronic communication does not imply that the Firm has broadly approved the use of that form of electronic communication by all Supervised Persons.

18.1 Electronic Communications Policy

The following summarizes the key points of the Firm's electronic communications policy:

- The Firm's electronic communications systems are to be used for business purposes only.
- Without the prior approval of the Designated Supervisor, electronic communications with clients, regulators, or the public concerning the Firm's business are permitted only on Firm-approved communications systems.

- Electronic communications are not private and may be monitored, reviewed, and archived by the Firm.
- No Supervised Person, other than specifically authorized personnel, is permitted to post anything on a website or social media site established by the Firm.
- Without the prior approval of the Designated Supervisor, no Supervised Person may post any information concerning the Firm, its business, or clients to the internet (or similar third-party system), containing references to the Firm, communications involving investment advice, references to investment-related issues, or information or links to any of the foregoing items.

18.2 Review of Electronic Communications

The Designated Supervisor will review the Firm's use of electronic communications at regular and frequent intervals to ensure the following:

- **Notice** – Electronic notifications to customers are sent in a timely manner and are adequate to properly convey the message.
- **Access** – Clients who are provided with information electronically are given access to the same information as would be available to them in paper form.
- **Evidence of Delivery** – The Firm's procedures ensure that delivery obligations are met when using electronic mail, which includes obtaining the client's informed consent and maintaining evidence of delivery.
- **Security** – Reasonable precautions have been taken to ensure the integrity, confidentiality, and security of information sent through electronic means; and that such precautions have been tailored to the medium used.
- **Consent** – Prior to sending personal financial information electronically, the Firm has obtained the informed consent of the recipient (unless the client gives implicit consent by, for example, sending an email to the Firm requesting the financial information).

18.3 Advertising and Sales Literature

Advertisements or marketing materials sent through electronic media will be subject to the same requirements as if they were made in paper form.

18.4 Disclosure Information

Disclosures delivered by electronic communication are subject to the same policies, procedures, and content standards governing disclosure information delivered in paper format. The Firm will ensure that evidence of delivery of disclosure information sent through an electronic communication is obtained and preserved in accordance with applicable record retention requirements.

18.5 Standards for Electronic Communications

18.5.1 Lack of Privacy and Reliability

Electronic communications may be widely disseminated. Therefore, electronic communications may be unsuitable for communications that must remain confidential or private. Absent encryption or other safeguards, it is best to avoid sending electronic communications containing sensitive information to external parties. There should be no expectation of privacy in electronic communications. Due to the nature of electronic communications systems, there is no guarantee that a message or other electronic communication will reach its destination in a timely manner (or that it will reach its destination at all) without being viewed by other parties.

18.5.2 Guidelines for Electronic Communications

Users of the Firm's electronic communications systems are expected to follow appropriate business communication standards. Usage must comply with all applicable international, federal, state, and local laws. The following guidelines apply:

- Electronic communications to clients should contain the most recent, valid information available.
- The unauthorized dissemination of proprietary information is prohibited.
- The unauthorized copying or transmittal of software or other materials protected by copyright law is prohibited.
- Electronic communications systems not approved or sponsored by the Firm should not be used for the Firm's business without the prior approval of the Designated Supervisor.
- Access to each employee's computer, telephone, and other electronic communications systems should be reasonably safeguarded. Passwords should be kept in a secure location.
- The use of encryption technologies is encouraged when delivering sensitive information. However, encryption technologies must be approved by the

Designated Supervisor. Supervised Persons are prohibited from encrypting communications with the intent to evade supervisory review.

- Personnel must preserve electronic communications sent and received according to regulatory requirements and the Firm's policies and procedures. The Firm's requirements for retaining electronic communications may be greater than those that apply to other written communications.
- Communications with the public may require pre-approval in accordance with other policies and procedures set forth in this manual. If in doubt, the Supervised Person is responsible for checking with the Designated Supervisor before disseminating information via electronic or conventional means.
- Electronic communications through the Firm's systems are the property of the Firm. The Firm reserves the right to monitor, audit, record, and retain electronic communications for the purpose of complying with applicable laws and regulations.

18.6 Maintenance of Electronic Communications

Electronic communications will be archived and preserved for recordkeeping purposes as required by applicable laws and regulations.

18.7 Licensing Requirements

Care must be taken to ensure that electronic communications directed to a person in a particular state comply with the securities laws and rules of that state, including without limitation, requirements that the Firm or the Advisory Representative be registered in that state or qualify for an exemption or exclusion from the registration requirement. Advisory Representatives are prohibited from using electronic communications to effect securities transactions or render investment advisory services for compensation in any state in which the Firm or the Advisory Representative is not properly registered.

18.8 Inadvertent Receipt or Delivery of Electronic Communications through Unapproved Means

From time to time, an Advisory Representative may inadvertently send or receive a business-related communication through an unapproved means of communication. For example, a client might send an email to an Advisory Representative's personal email address or the client might attempt to communicate with the Advisory Representative through social media. The Firm recognizes that these types of communications are usually the result of the client's lack of understanding regarding the strict rules and regulations governing the Firm's communications. Consequently, the Firm will not cite

an Advisory Representative for these inadvertent violations of the Firm's policies and procedures so long as he takes reasonable measures to ensure that future communications are made through approved means, which is usually accomplished by providing instructions to the client on the proper way to communicate business-related information.

If possible, the Advisory Representative should capture the inadvertent communication for the Firm's records. In the case of an email communication sent to a personal account, the Advisory Representative should forward the email received at his personal account to his Firm-approved email address. In the case of a communication sent to a personal social media account, it is recommended that the Advisory Representative try to print a screenshot of the communication for the Firm's records. In all cases involving the inadvertent receipt or delivery of communications through unapproved means, the Advisory Representative should make the Designated Supervisor or other supervisory personnel aware of the occurrence and how it was resolved.

18.9 Social Media

Any website or webpage that allows for interactive electronic communications is considered social media, regardless of whether such website is known as a social media or social networking site. Websites like Facebook, LinkedIn, and Twitter are clearly social media sites. However, other websites that are not typically considered social media may have components that are social media. For example, a website that has a chat forum would be deemed social media. Even a news website could be deemed social media if it allows readers to post comments about articles or otherwise communicate with other readers or the public.

18.9.1 Social Media Policy

Supervised Persons are prohibited from using social media to conduct business unless they obtain the prior written approval of the Designated Supervisor. Supervised Persons wishing to utilize social media in any way for business purposes should submit a written request to the Designated Supervisor. The Designated Supervisor will formally approve or deny the request in writing. The Firm will not approve any form of social media that it cannot reasonably supervise.

18.9.2 Recordkeeping

The Firm must maintain records of communications made through social media. Due to the technical difficulty of enforcing this requirement, the Firm will not approve the use of social media unless it has a means to capture records of communications. The

approval of social media will generally necessitate the use of a third party vendor to archive electronic communications.

18.9.3 Recommendations and Investment Advice

Advisory Representatives may not use social media for making investment recommendations or otherwise rendering investment advice unless the Designated Supervisor has previously approved both the content of the communication and the Advisory Representative's use of social media.

18.9.4 Static and Interactive Electronic Forums

A "blog" is generally defined as a website that contains an online personal journal with reflections, comments, and often hyperlinks provided by the writer. Historically, some blogs have consisted of static content posted by the blogger. Regulators consider static postings to constitute "advertisements." If a Supervised Person wishes to sponsor a blog or similar website, he must obtain prior principal approval of every posting. Many blogs now enable users to engage in real-time interactive communications. If the blog were used to engage in real-time interactive communications, regulators would consider the blog to be an interactive electronic forum.

Social networking sites typically contain both static and interactive content. The static content remains posted until it is changed by the Firm or the individual who established the account on the site. Generally, static content is accessible to all visitors to the site. Examples of static content typically available through social media sites include profile, background, or wall information. The Designated Supervisor must approve all static content on a page of a social media site established by the Firm or Supervised Person before it is posted.

Social media sites also contain non-static, real-time communications, such as interactive posts on sites such as Twitter and Facebook. The portion of a social media site that provides for these interactive communications constitutes an interactive electronic forum. The Firm will supervise the use of an approved interactive electronic forum in a manner reasonably designed to ensure that its Supervised Persons do not violate applicable regulatory requirements.

18.9.5 Third-Party Posts

If the Firm's client or other third party posts content on a social media site established by the Firm or its personnel, regulators generally will not treat posts by clients or other third parties as the Firm's communications. Thus, the prior principal approval, content, and filing requirement generally do not apply to these third-party posts. Under certain circumstances, however, third-party posts may become attributable to the Firm.

Whether third-party content is attributable to the Firm will depend on whether the Firm has (1) involved itself in the preparation of the content or (2) explicitly or implicitly endorsed or approved the content.

The SEC has referred to the circumstance in (1) above as the "entanglement" theory (*i.e.*, the Firm or its personnel is entangled with the preparation of the third-party post) and in (2) as the "adoption" theory (*i.e*., the Firm or its personnel has adopted its content). Although the SEC has employed these theories as a basis for a company's responsibility for third-party information that is hyperlinked to its website, a similar analysis would apply to third-party posts on a social media site established by the Firm or its personnel. Regulators would not consider a third-party post to be the Firm's communication unless the Firm or its personnel either is entangled with the preparation of the third-party post or has adopted its content.

18.9.6 Testimonials

Supervised Persons are prohibited from inducing others to post content on a website, especially testimonials or recommendations. Moreover, Supervised Persons who are permitted to use social media may not display any testimonial or recommendation, regardless of whether or not the Supervised Person requested the testimonial or recommendation.

18.9.7 Supervision of Social Media

The Firm will adopt policies and procedures reasonably designed to ensure that its Supervised Persons who use social media for business purposes are appropriately supervised, have the necessary training and background to engage in such activities, and do not present undue risks to investors. The Firm's general policy prohibits any Supervised Person from engaging in business communications in a social media site without obtaining prior written approval. Supervised Persons approved to use social media will receive adequate training on the Firm's policies and procedures regarding interactive electronic communications before engaging in such communications. The training will generally be individualized based on the type of social media approved.

The Firm will employ risk-based principles to determine the extent to which the review of incoming, outgoing, and internal electronic communications is necessary for the proper supervision of business. For example, the Firm may adopt procedures that require principal review of some or all interactive electronic communications prior to use or may adopt various methods of post-use review, including sampling and lexicon-based search methodologies. The Designated Supervisor will determine the type of review based on his or her assessment of risk. The Firm may consider strictly prohibiting or placing severe restrictions on any Supervised Person who has presented compliance

risks in the past, particularly compliance risks concerning sales practices, from establishing accounts with a social media site.

19. Privacy Policy

Neither the Firm nor any of its Supervised Persons may share nonpublic personal information of consumers with nonaffiliated third parties, except as required in order to provide the services offered. Client information will be safeguarded by restricting access to the information to only those employees who need access in order to service the client's account. The Designated Supervisor is responsible for ensuring that security controls are adequate to prevent unauthorized persons from accessing information.

Hard copy documents should be secured by locking the file cabinet or office in which they are stored. Information kept on the Firm's computers should be password-protected and secured behind firewalls. A paper shredder is to be used for destruction of all client-related documents that are not required to be retained by the Firm. All Supervised Persons will participate in new hire training, and additional training at least once annually thereafter.

19.1 Privacy Notices

The Firm must provide new clients with an initial privacy notice and annual privacy notices thereafter. The Designated Supervisor is responsible for compliance with Regulation S-P, including the following:

- Providing an initial notice to each client;
- Sending an annual notice to clients (excluding institutional investors) for as long as the relationship continues;
- Safeguarding customer records and information; and
- Including all of the required disclosures and information in all notices to clients.

19.2 Reporting Privacy Violations

If at any time a Supervised Person suspects the misuse or mishandling of confidential information or identity theft, he must immediately notify the Designated Supervisor. As required or deemed appropriate, the Designated Supervisor will promptly report any suspected identity theft to the SEC and Federal Trade Commission and retain copies for the files. The CCO is ultimately responsible for ensuring compliance with Regulation S-P.

19.3 Breach Notification Laws

Many states have laws that require notification to persons affected by data breaches. In the event of a breach involving client or investor information, the Designated Supervisor will ensure that the Firm complies with applicable state laws.

19.4 Testing

The Firm will perform reasonable testing of its information safeguards at least annually. Additionally, the Firm will perform testing of any new technologies to assess whether they pose any risks to clients' information and privacy. The Designated Supervisor is responsible for overseeing such testing functions and ensuring that they are adequate.

19.5 Terminating Access to Systems

The Designated Supervisor is responsible for ensuring that the Firm blocks a Supervised Person's access to systems if he is terminated or no longer needs access based on a change in job functions. For involuntary terminations, the Designated Supervisor will generally terminate access prior to notifying the Supervised Person of his termination. It is a best practice to scrutinize the emails of terminated Supervised Persons, including those that leave voluntarily, to determine whether they stole customer information by emailing it to a personal account in anticipation of being fired or resigning.

20. Business Continuity

The SEC believes and it is generally accepted that an investment adviser's fiduciary duty to its clients includes the obligation to take steps to protect the clients' interests from being placed at risk as a result of the investment adviser's inability to provide advisory services after, for example, a natural disaster or, in the case of some smaller firms, the death of the owner or key personnel.

20.1 Business Continuity Plan

The Firm maintains a business continuity plan ("BCP") as a separate document.

20.2 Business Continuity Testing

At least annually, the Firm will review the adequacy of it BCP. This review should cover data backup capabilities, data recovery, remote access capabilities, response and recovery times, and other applicable areas. The Designated Supervisor should document the results of the review and integrate any needed updates into the Firm's BCP.

20.3 Succession Planning

Certain states currently require or have proposed requiring investment advisers to have a succession plan. If required by a state or reasonably necessary to protect the interest of clients and investors, the Designated Supervisor will establish and maintain a succession plan for the Firm.

21. Insider Trading

The Firm is required to establish, maintain, and enforce supervisory procedures that are reasonably designed to prevent the misuse of non-public information. All Supervised Persons are strictly prohibited from trading on any information that could be construed as material, non-public information as well as disclosing such information to others. Such trading activity may not occur in any account that is controlled directly or indirectly by the Supervised Person.

21.1 Definitions

The definition of insider trading has evolved through case law and administrative proceedings, and has included:

- Buying or selling securities on the basis of material non-public information. This would include (1) purchasing or selling for the employee's own account or one which the employee has a financial interest or (2) for the Firm's proprietary trading or investment account. If any employee is uncertain as to whether information is "material" or "non-public," the Designated Supervisor should be immediately consulted.
- Disclosing insider information to inappropriate personnel, whether for consideration or not (*i.e.*, tipping). Insider information must be disseminated on a "need to know" basis only to appropriate personnel. Again, a Designated Supervisor should be consulted if any questions arise.

21.1.1 Material Information

Material information is information that an investor would most likely consider important in making his investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities, regardless of whether the information is related directly to the company's business.

21.1.2 Non-Public Information

Non-public information is information that has not been communicated to the public.

21.2 Personnel to Whom Insider Trading Policies Apply

All employees and Supervised Persons of the Firm are subject to the insider trading policies contained within this section. An employee is defined as any person who is associated with and performs any duties on behalf of the Firm.

21.3 Purpose of Insider Trading Policy

The Firm's policies, procedures, and training program are designed to do the following:

- Identify personnel to whom the Firm's insider trading policies apply;
- Educate employees on what constitutes insider trading;
- Provide communication of insider trading policies to the Firm's employees;
- Establish a "Chinese wall" when and where applicable;
- Identify the responsibilities of the Firm's employees and supervisors;
- Define sanctions for non-compliance with the Insider Trading Act; and
- Provide an overview of the Firm's current business.

21.4 Insider Trading Policy

The Firm's policy prohibits Supervised Persons from effecting securities transactions while in the possession of material, non-public information. Supervised Persons are also prohibited from disclosing such information to others. The prohibition against insider trading applies not only to the security to which the inside information directly relates, but also to related securities such as options or convertible securities.

If any Supervised Person receives inside information, he must immediately notify only the Compliance Department and/or a member of senior management. When in possession of inside information, Supervised Persons are prohibited from trading on that information, whether for the account of the Firm or any customer, their own account, any accounts in which they have direct or indirect beneficial interest (including accounts for family members), or any other account over which they have control, discretionary authority, or power of attorney.

21.5 Responsibilities

All Supervised Persons must make a diligent effort to ensure that a violation of the Insider Trading Act does not occur either intentionally or inadvertently. In this regard, the Supervised Person is responsible for:

- Reading, understanding, and consenting to comply with the insider trading policy. Employees will be requested to sign and acknowledge that they have read and understood their responsibilities.
- Ensuring that no trading occurs in his account or any account in which he has a beneficial interest involving securities for which he has insider information.
- Not disclosing any insider information obtained from any source whatsoever to inappropriate persons. Disclosure to family, friends, or acquaintances can be grounds for immediate termination.
- Consulting the CCO or Designated Supervisor when questions may arise regarding insider trading or when a potential insider trading violation is suspected.
- Ensuring that the Firm is receiving copies of immediate family's (including spouse and any relative living in the same household) confirmations and statements from brokerage firms.
- Advising the Firm of all outside activities, directorships, or major ownership in a public company over 5%. No employee may engage in any outside activities as employee, proprietor, partner, consultant, trustee officer, or director without prior written approval from the Compliance Department.
- Being aware of and monitoring any clients who are shareholders, directors, or senior officers of public companies. Any unusual activity, purchase, or sale of restricted stock must be brought to the attention of the Designated Supervisor.

If an employee is in a position within the Firm to access inside information, the following are steps the employee must take to preserve the confidentiality of inside information:

- Material inside information should be communicated only when there exists a justifiable reason to do so on a "need to know" basis inside or outside the Firm.
- Employees should not discuss confidential matters in elevators, hallways, restaurants, airplanes, taxicabs, or any place where they can be overheard.
- Employees should not leave sensitive memoranda on their desks or in other places where others can read them.
- Employees should not leave a computer terminal without exiting the file in which they were working.
- Employees should not read confidential documents in public places or discard them where others can retrieve them. Employees should avoid carrying confidential documents in an exposed manner.
- In drafts of sensitive documents, employees should use code names or delete names to avoid the identification of participants.

- Employees should not discuss confidential business information with spouses, relatives, or friends.
- Employees should avoid even the appearance of impropriety.

Serious repercussions may follow from insider trading, and the law proscribing insider trading can change at any time. Since it is often difficult to determine what constitutes insider trading, employees should consult the Compliance Department whenever they have questions about this subject.

21.6 Reporting Violations

If any Supervised Person believes that he or someone else may have obtained or disclosed inside or proprietary information in a manner not permitted by the Firm, the Supervised Person should immediately contact the Designated Supervisor and refrain from using or further disclosing such information. All employees are obligated to immediately report any insider trading-related situations that they become aware of, including any suspicions they may have of insider trading. Failure to report violations can result in disciplinary action, including termination. Reports of violations will be treated as highly confidential.

21.7 Supervision

The Designated Supervisor is responsible for implementing procedures to protect against insider trading. The Designated Supervisor is also responsible for detecting and preventing possible abuses based on the use of material non-public information in employee-related accounts; family-related accounts; accounts controlled by employees; and all accounts with the Firm. During the periodic review of client accounts and the review and approval of securities transactions, the Designated Supervisor should note any unusual activity, such as short-term profits or profits taken before major news announcements. Investigations of insider trading may include, among other things, interviewing the Advisory Representative(s) and/or clients, reviewing transactions in the same security, looking to see if any nominee accounts have been established, and reviewing outside brokerage accounts.

21.7.1 Reviews of Higher Risk Accounts

Due to increased risk of insider trading, the known accounts of “insiders” should be reviewed more frequently than other customer accounts. The Designated Supervisor should closely supervise those accounts of clients which are known to be senior officers or directors of any publicly traded company or are owned by individuals who control more than 5% of any publicly traded company. In addition, the accounts of employees

and any proprietary accounts of the Firm must be reviewed for insider trading activities. The Firm will note, on the new account form, those accounts of known insiders.

21.7.2 Training and Oversight

The Designated Supervisor will consider providing upon hire and periodically throughout the year educational material geared toward familiarizing all employees with insider trading. The Designated Supervisor is responsible for detecting and preventing insider trading abuses through measures that include:

1. Creating and modifying the insider trading policies;
2. Communicating the insider trading policies to newly hired employees and during compliance meetings;
3. Obtaining written acknowledgment and consent forms;
4. Reviewing employee confirmations and statements for potential insider trading violations and keeping evidence of the reviews;
5. Answering questions from employees regarding insider trading;
6. Documenting any investigation of possible insider trading, noting:
   - Name of security
   - Date investigation commenced
   - Accounts reviewed
   - Summary of disposition
7. Initiating disciplinary action against any employee violating the Insider Trading Act or the Firm's insider trading policy.

21.8 Insider Trading Investigations

The investigation of an employee transaction will be evaluated using reasonable criteria, including consideration of the timing or unusual nature of the transaction. All investigations initiated must be documented. At a minimum, the record will include:

- The name of the security;
- The date the investigation commenced;
- An identification of the accounts involved; and
- A summary of the investigation disposition.

The Designated Supervisor should create a memorandum for every investigation and attach any exhibits necessary to evidence a detailed investigation of the trading activity.

The Designated Supervisor should date and sign the memorandum to document the investigation.

21.9 Disciplinary Actions

Violations of the Insider Trading Act can result in severe penalties to the Firm, its principals, and the individuals violating the rule. Violations (whether inadvertent or intentional) will not be tolerated by the Firm and will result in severe disciplinary action.

22. Risk Assessment

The Firm has developed a process for evaluating risk. The CCO is responsible for this process and will ensure that the key areas of business risk are evaluated in relationship to the Firm's core business.

A major component of the Firm's risk assessment is the regular review of compliance policies and procedures. During these reviews, the CCO will assess whether the Firm's policies and procedures are adequate to address risks and other concerns. The CCO must review, at least once annually, the adequacy of the established compliance policies and procedures and the effectiveness of their implementation. With respect to risk management, the review should consider, at a minimum, the following:

- Any risks or other compliance matters that arose during the previous year;
- Any changes in the business activities of the Firm or its affiliates that create additional risk; and
- Any changes in the Investment Advisers Act of 1940 or applicable regulations that might suggest a need to revise the policies or procedures to better manage risk.

The CCO may choose to perform components of the review throughout the year in an effort to minimize the burden on the Firm's compliance personnel and resources.

22.1 Risk Assessment Methods

In addition to annually reviewing policies and procedures, the Firm may fulfill its duty to evaluate risk through the use of risk assessment tools, such as an Excel spreadsheet designed to identify areas of risk. The CCO may use any appropriate risk assessment tool, including resources obtainable from its compliance consulting firm, to assess risks of the Firm and the organization as a whole.

22.2 Use of Others to Assess Risk

It is often prudent to utilize the services of risk management and compliance professionals to assess risk from an outsider's perspective. Although highly competent in the area of risk management, the CCO may invite compliance consultants or other professionals to participate in the Firm's risk assessments.

23. Employment Retirement Income and Security Act (ERISA)

The Employee Retirement Income and Security Act ("ERISA") contains a number of provisions affecting investment advisers engaged in managing or other advisory activities with respect to ERISA accounts. ERISA rules and regulations are quite complex and in cases of uncertainty the Firm should seek expert advice before engaging in business dealings or signing contracts. Advisory Representatives who wish to solicit or advise ERISA clients must obtain the Firm's prior written approval. If approved to manage an ERISA account, the Advisory Representative must be knowledgeable concerning all major compliance areas stemming from the ERISA statute and rules, including the following:

- Prohibited transactions and exemptions
- Plan fiduciary
- Safe harbors
- Fiduciary adviser
- Reasonableness of fees
- Self-dealing
- Liabilities for breaches
- Proxy voting
- Custody of plan assets
- Minimum net capital requirement
- Bonding and financial statement requirements
- Plan assets

Complex issues are best addressed by consulting knowledgeable professionals.

24. Proxy Voting

If an investment adviser exercises voting authority with respect to client securities, Rule 206(4)-6 requires the investment adviser to adopt and implement written policies and procedures reasonably designed to ensure that client securities are voted in the best interest of the client. This requirement is consistent with legal interpretations which hold that an investment adviser's fiduciary duty includes handling the voting of proxies on securities held in client accounts over which the investment adviser exercises investment or voting discretion, in a manner consistent with the best interest of the client.

24.1 Proxy Voting Requirements

Neither the Firm nor its Advisory Representatives may exercise voting authority with respect to client securities unless the Firm complies with these requirements:

1. The Firm adopts and implements written policies and procedures that are reasonably designed to ensure that it votes client securities in the best interest of clients. At a minimum, these procedures must include how the Firm addresses material conflicts that may arise between its interests and those of its clients.
2. The Firm discloses to clients how they may obtain information about how it voted with respect to their securities.
3. The Firm describes to clients the Firm's proxy voting policies and procedures and, upon request, furnishes a copy of the policies and procedures to the requesting client.

25. Books and Records

The Designated Supervisor is responsible for enforcing all books and records requirements and ensuring that all documents are properly maintained in accordance with Rule 204-2. Supervised Persons must take great care to maintain required books and records. Moreover, Supervised Persons must exercise extreme caution to ensure that they do not inadvertently destroy any records that are required to be maintained by the Firm.

Important: The Firm is affiliated with a broker-dealer that is subject to stringent recordkeeping requirements applicable to broker-dealers. Therefore, the Designated Supervisor must make sure that the Firm does not destroy records if they are still

required to be maintained under the recordkeeping requirements applicable to broker-dealers.

25.1 Required Records

Rule 204-2 contains a long list of records that the Firm is required to keep true, accurate, and current. The following documents are to be maintained by the Firm:

1. A journal or journals, including cash receipts and disbursements records, and any other records of original entry forming the basis of entries in any ledger.
2. General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income, and expense accounts.
3. A memorandum of each order given by the Firm for the purchase or sale of any security, of any instruction received by the Firm concerning the purchase, sale, receipt, or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such memoranda must:
   - show the terms and conditions of the order, instruction, modification, or cancellation;
   - identify the person connected with the Firm who recommended the transaction to the client and the person who placed such order; and
   - show the account for which entered, the date of entry, and the bank, broker, or dealer by or through whom executed, where appropriate.

   Orders entered pursuant to the exercise of discretionary power shall be so designated.
4. All check books, bank statements, cancelled checks, and cash reconciliations of the Firm.
5. All bills or statements (or copies thereof), paid or unpaid, relating to the business of the Firm.
6. All trial balances, financial statements, and internal audit working papers relating to the business of the Firm.
7. Originals of all written communications received and copies of all written communications sent by the Firm relating to
   i. any recommendation made or proposed to be made and any advice given or proposed to be given,
   ii. any receipt, disbursement, or delivery of funds or securities, or
   iii. the placing or execution of any order to purchase or sell any security: *Provided, however,* (a) that the Firm will not be required to keep any

unsolicited marketing letters and other similar communications of general public distribution not prepared by or for the Firm, and (b) that if the Firm sends any notice, circular, or other advertisement offering any report, analysis, publication, or other investment advisory service to more than 2 persons, the Firm will not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular, or advertisement is distributed to persons named on any list, the Firm will retain with the copy of such notice, circular, or advertisement, a memorandum describing the list and the source thereof.

8. A list or other record of all accounts in which the Firm is vested with any discretionary power with respect to the funds, securities, or transactions of any client.

9. All powers of attorney and other evidences of the granting of any discretionary authority by any client to the Firm, or copies thereof.

10. All written agreements (or copies thereof) entered into by the Firm with any client or otherwise relating to the business of the Firm.

11. A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication that the Firm circulates or distributes, directly or indirectly, to 2 or more persons (other than persons connected with the Firm), and if such notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, a memorandum of the Firm indicating the reasons therefor.

12.

i. A copy of the Firm's code of ethics adopted and implemented pursuant to Rule 204A-1 that is in effect, or at any time within the past five years was in effect;

ii. A record of any violation of the code of ethics, and of any action taken as a result of the violation; and

iii. A record of all written acknowledgments as required by Rule 204A-1(a)(5) for each person who is currently, or within the past five years was, a Supervised Person of the Firm.

13.

i. A record of each report made by an access person as required by Rule 204A-1(b), including any information provided under paragraph (b)(3)(iii) of that rule in lieu of such reports;

ii. A record of the names of persons who are currently, or within the past five years were, access persons of the Firm; and

iii. A record of any decision, and the reasons supporting the decision, to approve the acquisition of securities by access persons under Rule 204A-1(c), for at least five years after the end of the fiscal year in which the approval is granted.

iv. The Firm will not be deemed to have violated the provisions of this paragraph because of his failure to record securities transactions of any advisory representative if it establishes that it instituted adequate procedures and used reasonable diligence to obtain promptly reports of all transactions required to be recorded.

14. A copy of each written statement and each amendment or revision thereof, given or sent to any client or prospective client of the Firm in accordance with the provisions of Rule 204-3, and a record of the dates that each written statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client.

15. All written acknowledgments of receipt obtained from clients pursuant to Rule 206(4)-3(a)(2)(iii)(B) and copies of the disclosure documents delivered to clients by solicitors pursuant to Rule 206(4)-3.

16. All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication that the Firm circulates or distributes, directly or indirectly, to 2 or more persons (other than persons connected with the Firm); *provided, however*, that with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts will be deemed to satisfy the requirements of this paragraph.

17.

i. A copy of the Firm's policies and procedures formulated pursuant to Rule 206(4)-7(a) that are in effect, or at any time within the past five years were in effect;

ii. Any records documenting the Firm's annual review of those policies and procedures conducted pursuant to Rule 206(4)-7(b) of this chapter;

iii. A copy of any internal control report obtained or received pursuant to Rule 206(4)-2(a)(6)(ii).

18.

i. Books and records that pertain to Rule 206(4)-5 containing a list or other record of:

A. The names, titles, and business and residence addresses of all covered associates of the Firm;

B. All government entities to which the Firm provides or has provided investment advisory services, or which are or were investors in any covered investment pool to which the Firm provides or has provided investment advisory services, as applicable, in the past five years, but not prior to September 13, 2010;

C. All direct or indirect contributions made by the Firm or any of its covered associates to an official of a government entity, or direct or indirect payments to a political party of a state or political subdivision thereof, or to a political action committee; and

D. The name and business address of each regulated person to whom the Firm provides or agrees to provide, directly or indirectly, payment to solicit a government entity for investment advisory services on its behalf, in accordance with Rule 206(4)-5(a)(2).

ii. Records relating to the contributions and payments referred to in paragraph (18)(i)(C) above must be listed in chronological order and indicate:

A. The name and title of each contributor;

B. The name and title (including any city/county/state or other political subdivision) of each recipient of a contribution or payment;

C. The amount and date of each contribution or payment; and

D. Whether any such contribution was the subject of the exception for certain returned contributions pursuant to Rule 206(4)-5(b)(2).

iii. The Firm is only required to make and keep current the records referred to in the above paragraphs (18)(i)(A) and (C) if it provides investment advisory services to a government entity or a government entity is an investor in any covered investment pool to which the Firm provides investment advisory services.

iv. For purposes of this section, the terms "contribution," "covered associate," "covered investment pool," "government entity," "official," "payment," "regulated person," and "solicit" have the same meanings as set forth in Rule 206(4)-5.

The Designated Supervisor is responsible for enforcing the maintenance of all books and records above.

25.2 Custody Records

If the Firm has custody or possession of securities or funds of any client, the records required to be made and kept must include:

1. A journal or other record showing all purchases, sales, receipts, and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such accounts.
2. A separate ledger account for each such client showing all purchases, sales, receipts, and deliveries of securities, the date and price of each purchase and sale, and all debits and credits.
3. Copies of confirmations of all transactions effected by or for the account of any such client.
4. A record for each security in which any such client has a position, which record must show the name of each such client having any interest in such security, the amount or interest of each such client, and the location of each such security.
5. A memorandum describing the basis upon which the Firm has determined that the presumption that any related person is not operationally independent under Rule 206(4)-2(d)(5) has been overcome.

At times, the Firm may have temporary custody of client funds or securities. The Designated Supervisor is responsible for enforcing the maintenance of all books and records related to custody.

25.3 Investment Supervisory or Management Service Records

The Firm renders investment supervisory or management service to clients and will, with respect to the portfolio being supervised or managed and to the extent that the information is reasonably available to or obtainable by the Firm, make and keep true, accurate, and current:

- Records showing separately for each such client the securities purchased and sold, and the date, amount, and price of each such purchase and sale.
- For each security in which any such client has a current position, information from which the Firm can promptly furnish the name of each such client, and the current amount or interest of such client.

25.4 Financial Records

The Designated Supervisor is responsible for ensuring that all financial books and records are properly maintained and must verify the accuracy of such records. Such financial records include, among other things, the balance sheet, income statement, general ledger, trial balance, and bank reconciliations.

25.5 Electronic Storage Media

In the case of records on electronic storage media, the Designated Supervisor must establish and maintain procedures:

- To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction;
- To limit access to the records to properly authorized personnel and the SEC (including its examiners and other representatives); and
- To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

The Designated Supervisor will verify that electronic records are stored in accordance with Rule 204-2(g)(3).

25.6 Record Retention

The Designated Supervisor is responsible for maintaining true, accurate, and current records for the following retention periods:

	Document	Required Length Of Retention	Statutory Authority
A	Corporate Documents		
1	Organizational documents (e.g., charters, bylaws, LLC certificates of formation, and LLC agreements)	Termination + 3 years	Rule 204-2(e)(2)
2	Minute books (if applicable)	Termination + 3 years	Rule 204-2(e)(2)

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
3	Stock certificate books (if applicable)	Termination + 3 years	Rule 204-2(e)(2)
B	Accounting Records of Investment Adviser		
1	Journals, including records of original entry that form the basis of all ledger entries.	5 years	Rule 204-2(a)(1)
2	General and auxiliary ledgers reflecting asset, liability, reserve, capital, income, and expense accounts.	5 years	Rule 204-2(a)(2)
3	Bank account information, including checkbooks, bank statements, canceled checks, and cash reconciliations.	5 years	Rule 204-2(a)(4)
4	Bills and statements, paid or unpaid, relating to the business of the Investment Adviser.	5 years	Rule 204-2(a)(5)
5	Trial balances	5 years	Rule 204-2(a)(6)
6	Financial statements	5 years	Rule 204-2(a)(6)
7	Internal accounting working papers and other supporting documentation.	5 years	Rule 204-2(a)(6)
C	Accounting Records – Funds		
1	Journals, including records of original entry that form the basis of all ledger entries.	5 years	Rule 204-2(a)(1)
2	General and auxiliary ledgers reflecting asset, liability, reserve, capital, income, and expense accounts.	5 years	Rule 204-2(a)(2)
3	Bank account information, including checkbooks, bank statements, canceled checks, and cash reconciliations.	5 years	Rule 204-2(a)(4)
4	Bills and statements, paid or unpaid, relating to the business of the Investment Adviser.	5 years	Rule 204-2(a)(5)
5	Trial balances	5 years	Rule 204-2(a)(6)
6	Financial statements	5 years	Rule 204-2(a)(6)
7	Internal accounting working papers and other supporting documentation.	5 years	Rule 204-2(a)(6)
D	Account Management Records		
1	Trade Tickets. A memorandum of: (i) each order given by the Investment Adviser for the purchase or sale of any security; (ii) any instruction received by the Investment Adviser concerning the purchase, sale, receipt or delivery of	5 years	Rule 204-2(a)(3)

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
	a particular security and (iii) any modification or cancellation of any such order or instruction. Each memorandum must: • Show the terms and conditions of the order, instruction, modification, or cancellation; • Identify the person connected with the Investment Adviser who recommended the transaction to the client and the person who placed the order; • Show the client account for which the transaction was entered, the date of entry, and the bank, broker or dealer by or through whom the transaction was executed; and • Indicate any orders entered pursuant to the exercise of discretionary power. Documents meeting this specific requirement would include: 1) trade tickets for transactions involving broker-dealers and 2) transaction closing documents for direct investments.		
2	Due Diligence. Documentation relating to securities selected for investment, including the issuing company's annual and quarterly reports, third-party research reports and news articles (if independently produced, a list should suffice), as well as any memoranda or analysis by the adviser's personnel.	Sale +5 years	Generally, Rule 204-2(a)(7)
3	Best Execution.	5 years	Best Practices
E	Client Relationship Records		
1	Form ADV - Part 2A (the "Brochure"). A copy of Form ADV and each amendment or revision to Form ADV given or sent to any client or prospective client as required by Rule 204-3, as well as a record of the date that each Form ADV, and each amendment or revision, was given or offered to be given to any client or prospective client who became an actual client (including the required annual written offer to existing clients).	5 years	Rule 204-2(a)(14)
2	Advisory and Other Contracts. An original or copy of each written agreement entered into by the Investment Adviser with any client. This requirement should be satisfied by retaining all limited partnership agreements, as well as any separate advisory agreements.	5 years (after termination of the contract)	Rule 204-2(a)(10)
3	Discretionary List. A list (or other record) or all accounts in	5 years	Rule 204-

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
	which the Investment Adviser has any discretionary power with respect to the funds, securities or transactions of any client. This requirement should be satisfied simply by retaining a list of all funds and their investors.		2(a)(8)
4	Powers of Attorney. All powers of attorney and other evidences of the granting of discretionary authority by any client to the Investment Adviser (or copies). This requirement should be satisfied simply by keeping all limited partnership agreements as well as any specific advisory agreements.	5 years	Rule 204-2(a)(9)
5	Written Communications. Originals of all written communications received and copies of all written communications sent by the Investment Adviser relating to: (a)Any recommendations or advice made or proposed to be made; (b)Any receipt, disbursement or delivery of funds or securities; or (c) The placing or execution of any order to purchase or sell any security. These communications include: • Marketing materials, circulars and research reports; • Notices to custodians; • Periodic statements sent to clients; • Fee invoices; • Trade confirmations, if any; and • Principal and agency transaction consents, if any. (Note: an Investment Adviser need not keep any unsolicited market letters and similar communications of general public distribution not prepared for or by the Investment Adviser.)	5 years (from time of last publication or dissemination for marketing and similar materials)	Rule 204-2(a)(7)
6	Complaint File. A client correspondence or complaint file.	5 years	Rule 204-2(a)(7), generally.
F	Marketing-Related Records		
1	Marketing Materials. A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the Investment Adviser circulates or distributes, directly or indirectly, to 2 or more persons (other than persons connected with the Investment Adviser).	5 years after the end of the fiscal year when last used	Rule 204-2(a)(11)

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
2	Supporting Documentation for Performance Numbers. All documentation (i.e., account statements, calculation worksheets, etc.) that demonstrates, for the entire measuring period, the calculation of performance or rate of return used in any marketing materials circulated or distributed to ten or more people.	5 years from the end of the fiscal year when last used	Rule 204-2(a)(16)
3	Use of Solicitors. If the Investment Adviser pays cash to any employee, principal or third party in return for client referrals, it must retain the following records: (a) Written Agreements. Agreements with solicitors establishing the solicitation arrangement (including specified terms in the case of third-party solicitors). (b) Solicitor's Separate Disclosure Documents. Copies of the separate written disclosure documents prepared by third-party solicitors and delivered to clients. (c) Client Acknowledgments. Copies of each signed and dated client acknowledgment of receipt of the Investment Adviser's written disclosure statement (i.e., Part 2A of Form ADV) and the solicitor's written disclosure document. (d) Third-Party Solicitor Questionnaires. Copies of any due-diligence questionnaires completed by third-party solicitors relating to past conduct that might disqualify the person from acting as a solicitor. (e) Client List. A list of each client account obtained through a solicitor, with a cross-reference identifying the solicitor.	5 years (after termination of client relationship)	(a) Rule 204-2(a)(10); (b) Rule 204-2(a)(15); (c) Rule 204-2(a)(15); (d) Rule 206(4)-3(a)(1)(ii); (e) Internal Controls.
G	Personal Securities Transactions		
1	Code of Ethics Records. 1. A copy of the Code of Ethics that is in effect as well as any Code of Ethics that was in effect at any time within the past five years. 2. A record of any violation of the Code and any action taken as a result of such violation. 3. A record of all written acknowledgements for each person who was or is a Supervised Person. 4. A copy of each initial holdings report, annual holdings report, and quarterly transaction report made by an Access Person, including any brokerage confirmation or account statements provided in lieu of the reports. 5. A record of the names of all persons who were Access Persons.	5 years	Rule 204-2(a)(12); 2(a)(13)

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
	6. A record of any decision and the reason supporting the decision to approve the acquisition by the Access Person of initial public offerings and limited offerings.		
H	Internal Control Records		
1	Functions and Responsibilities. Organizational charts, personnel lists, and other documents describing the functions and responsibilities of each department and each employee.	Permanently	Best Practices
2	Written Policies and Procedures for the Prevention of Insider Trading, including any related memorandums.	Permanently	Section 204A
3	Compliance Manual. A copy of a written compliance manual that contains: (a)Policies and Procedures. Policies and procedures reasonably designed to prevent violations, by the Investment Adviser and its Supervised Persons, of the Investment Advisers Act and its rules (as well as other applicable laws); and (b)Compliance Responsibilities. The identification of persons responsible for meeting the applicable regulatory requirements and their supervisors.	Each version maintained for five years	Rule 206(4)-7; Duty to Supervise under Section 203(e)(6)
4	Annual Compliance Review. Records documenting the Investment Adviser's annual review of its compliance policies and procedures.	5 years	Rule 206(4)-7
5	Annual Certifications. Annual employee certifications of compliance with insider trading and compliance policies and procedures.	5 years (to mirror requirement of Rule 204-2(a)(12))	Best Practices
6	Personnel and Other Employee-Related Manuals, including any related memoranda.	Permanently	Best Practices
7	Personnel Records, including for each employee, officer and director (as applicable): • Dates of employment, • Addresses and social security number, • Percentage of ownership of the Investment Adviser's outstanding securities, and • Disciplinary history.	Permanently	Best Practices
8	Litigation File. A record of past, present and pending litigation involving the Investment Adviser or its officers,	Permanently	Best Practices

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
	directors or employees that may have a material effect on the Investment Adviser or otherwise trigger disclosure obligations.		
9	Business Contracts. All written agreements (or copies) entered into by the Investment Adviser relating to the business of the Investment Adviser as such, including, for example: • Employment contracts, • Rental agreements and property leases, and • Contracts with pricing services and other service providers.	5 years	Rule 204-2(a)(10)
I	SEC Filings and Correspondence with Regulators		
1	Form ADV, including all amendments.	Permanently	Rule 204-2(a)(14) for Part II of Form ADV.
2	Registration Order. The SEC order granting each Adviser its Investment Advisers Act registration.	Permanently	Best practices
3	Securities Act Filings. Reports required to be filed under the Securities Act of 1933, including, if applicable, Form D for private placement limited partnerships.	Permanently	Best Practices
4	Exchange Act Filings. Reports required to be filed under the Exchange Act of 1934, including, if applicable: • Schedules 13D and 13G, • Forms 13F, and • Forms 3, 4 and 5 for Section 16.	5 years	Best Practices
5	SEC Correspondence. Copies of all correspondence with the SEC, including any: • Exemptions, • No-action letters, and • Past deficiency letters.	Permanently	Best Practices
6	State Regulatory Correspondence. Copies of all correspondence with any state.	Permanently	Best Practices
7	Offshore Regulatory Correspondence. Copies of all correspondence with any non-U.S. regulatory authority.	Permanently	Best Practices
J	Records for Investment Supervisory or Management Service		
1	Client Records. Separate records (i.e., a journal) for each client who receives investment supervisory or management	5 years	Rule 204-

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
	service that show the securities purchased and sold, and the date, amount and price of each transaction.		2(c)(1)
2	Securities Records (aka "Stock Cross-Reference Report"). For each security in which a client receiving investment supervisory or management service has a current position, there should be information from which the Investment Adviser can promptly furnish the name of each such client, and the current amount or interest of each client.	Current basis	Rule 204-2(c)(2)
K	Records Where the Investment Adviser Maintains Custody or Possession of Client Funds or Securities		
1	A journal showing all purchases, sales, receipts, and deliveries of securities for accounts over which the Investment Adviser maintains custody, and all other debits and credits to these accounts.	5 years	Rule 204-2(b)(1)
2	A separate ledger for each of these clients showing: • All purchases, sales, receipts, and deliveries of securities, • The date and price of each purchase and sale, and • All debits and credits.	5 years	Rule 204-2(b)(2)
3	Copies of confirmations of all transactions for the accounts of these clients.	5 years	Rule 204-2(b)(3)
4	A record for each security in which any custody client has a position, with the record showing: • The names of each client having any interest in the security, • The amount or interest of each client, and • The location of the security.	5 years	Rule 204-2(b)(4)
5	A copy of each Form ADV-E provided to the SEC by the Investment Adviser's independent public accountant based on the required annual surprise audit.	Permanently	Best Practices
L	Records Where the Adviser Exercises Proxy Voting Authority		
1	Policies and Procedures. Written policies and procedures reasonably designed to ensure that the Investment Adviser votes client securities in the best interest of clients.	5 years	Rule 204-2(c)(2)(i)
2	Proxy Statements. A copy of each proxy statement that the Investment Adviser receives regarding fund securities (which also can be maintained by third parties, subject to an undertaking to provide the statements promptly on request, or obtained from EDGAR).	5 years	Rule 204-2(c)(2)(ii)

	DOCUMENT	REQUIRED LENGTH OF RETENTION	STATUTORY AUTHORITY
3	Voting Records. A record of each vote cast by the adviser on behalf of a fund (which also can be maintained by third parties, subject to an undertaking to provide the statements promptly on request).	5 years	Rule 204-2(c)(2)(iii)
4	Decision-Making Documents. A copy of any document created by the Investment Adviser that was material to making a decision on how to vote proxies on behalf of a fund or that memorializes the basis for the decision.	5 years	Rule 204-2(c)(2)(iv)
5	Client Requests and Responses. A copy of each written request by a limited partner for information on how the Investment Adviser voted proxies on behalf of any fund in which the limited partner has an investment, and a copy of any written response by the Investment Adviser to any request (written or oral) by a limited partner for information on how the Investment Adviser voted proxies on behalf of any fund in which the limited partner has an investment.	5 years	Rule 204-2(c)(2)(v)
M	Retention Notes		
1	Length of Retention. In general, records must be retained for five years from the end of the fiscal year last used. Thus, the total time of retention could be as long as nearly six years from the date of last use depending on: (1) the exact date of last use and (2) the Investment Adviser's fiscal year-end.		Rule 204-2(e)
2	Place of Retention. The records must be maintained in an appropriate office of the Investment Adviser for the first two years. For the following three years, the records may be stored off-site at an easily accessible location.		Rule 204-2(e)
3	Storage Methods. Records may be stored on microfiche, magnetic disk, tape or other computer storage medium so long as the Investment Adviser maintains certain safeguards and ensures accessibility.		Rule 204-2(g)
4	Organization of Records. When an Investment Adviser must maintain books and records of a client because it is rendering investment supervisory services, the books and records may be organized by numerical or alphabetical code or some similar designation.		Rule 204-2(d)

26. Identity Theft Prevention Program (ITPP)

26.1 Firm Policy

It is the Firm's policy to protect its clients and their accounts from identity theft. The Firm implements this policy through a written Identity Theft Prevention Program ("ITPP" or "Program") that includes policies and procedures to:

1. Identify relevant red flags for covered accounts that the Firm offers or maintains and incorporate those red flags into the Program;
2. Detect red flags that have been incorporated into the Program;
3. Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and
4. Ensure the Program (including the red flags determined to be relevant) is updated to reflect changes in risks to clients and to the safety and soundness of any financial institution or creditor from identity theft.

The Firms' identity theft policies, procedures, and internal controls will be reviewed and updated periodically to ensure they account for changes both in regulations and in the Firm's business.

26.2 Definitions

26.2.1 Identity Theft

"Identity theft" means a fraud committed or attempted using the identifying information of another person without authority.

26.2.2 Covered Account

A "covered account" is defined as an account offered or maintained primarily for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions, such as a brokerage account with a broker-dealer or an account maintained by a mutual fund (or its agent) that permits wire transfers or other payments to third parties. A "covered account" is defined also as any other account for which there is a reasonably foreseeable risk to clients or the safety and soundness of the financial institution from identity theft, including financial, operational, compliance, reputation, or litigation risks. Thus, an institutional account—though not maintained for personal, family, or household purposes—could qualify as a covered account if it poses a reasonably foreseeable risk of identity theft.

26.2.3 Financial Institution

A "financial institution" is any person that, either directly or indirectly, holds a "transaction account," which is an account that permits the account holder to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for the purpose of making payments or transfers to third persons or others. Brokerage and custodial accounts are generally deemed transactions accounts, since account holders typically have the ability to transfer funds or make payments to other persons via wire transfer, check writing, or other means. An investment adviser may be deemed a financial institution on the basis that it indirectly provides transaction accounts to its clients through a custodian.

26.2.4 Creditor

A "creditor" is any person that regularly extends, renews, or continues credit (such as margin) or regularly arranges for the extension, renewal, or continuation of credit (such as through a clearing firm). Creditor also includes any assignee of an original creditor who participates in the decision to extend, renew, or continue credit. An investment adviser that is also an introducing broker-dealer would be deemed a creditor if it offers margin accounts to its customers through a clearing firm.

26.2.5 Customer

"Customer" means a person that has a covered account with a financial institution or creditor.

26.2.6 Consumer

"Consumer" is defined as an individual.

26.2.7 Red Flag

"Red flag" means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

26.2.8 Service Provider

"Service provider" means a person that provides a service directly to the financial institution or creditor.

26.3 Firm's Status as a Financial Institution or Creditor

26.3.1 Status as Financial Institution

The Firm does not *directly* hold transaction accounts, but it is deemed a financial institution because it *indirectly* holds transaction accounts of its client through a

custodian. Some of these transaction accounts are offered to retail clients and therefore qualify as covered accounts. Because the Firm offers covered accounts to clients, the Firm is required to develop and implement an identity theft prevention program.;

26.3.2 Status as Creditor

The Firm does not extend credit to clients or arrange for the extension of credit to clients. Therefore, the Firm does not meet the definition of creditor.

26.4 Firm's Status as an Issuer of Credit or Debit Cards

The Firm does not issue credit or debit cards to its clients. Therefore, the Firm is not a card issuer subject to the card issuer rules.

26.5 Periodic Identification of Covered Accounts

The Firm must periodically determine whether it offers or maintains covered accounts. As a part of this determination, the Firm must conduct a risk assessment to determine whether it offers or maintains covered accounts, taking into consideration:

1. The methods it provides to open its accounts;
2. The methods it provides to access its accounts; and
3. Its previous experiences with identity theft.

26.6 Identifying Relevant Red Flags

26.6.1 Risk Factors

The Firm will consider the following factors in identifying relevant red flags for covered accounts, as appropriate:

1. The types of covered accounts it offers or maintains;
2. The methods it provides to open its covered accounts;
3. The methods it provides to access its covered accounts; and
4. Its previous experiences with identity theft.

26.6.2 Source of Red Flags

The Firm will endeavor to incorporate relevant red flags from sources such as:

1. Incidents of identity theft that it has experienced;

2. Methods of identity theft that it has identified that reflect changes in identity theft risks; and
3. Applicable regulatory guidance.

26.6.3 Categories of Red Flags.

The Program will include relevant red flags from the following categories, as appropriate.

Alerts, Notifications or Warnings From a Consumer Reporting Agency

This category includes the following red flags:

1. A fraud or active duty alert is included with a consumer report.
2. A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.
3. A consumer reporting agency provides a notice of address discrepancy, as referenced in Sec. 605(h) of the Fair Credit Reporting Act (15 U.S.C. 1681c(h)).
4. A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or client, such as:
    a. A recent and significant increase in the volume of inquiries;
    b. An unusual number of recently established credit relationships;
    c. A material change in the use of credit, especially with respect to recently established credit relationships; or
    d. An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

Suspicious Documents

This category includes the following red flags:

1. Documents provided for identification appear to have been altered or forged.
2. The photograph or physical description on the identification is not consistent with the appearance of the applicant or client presenting the identification.
3. Other information on the identification is not consistent with information provided by the person opening a new covered account or client presenting the identification.
4. Other information on the identification is not consistent with readily accessible information that is on file with the Firm.

5. An application appears to have been altered or forged, or gives the appearance of having been destroyed and re-assembled.

Suspicious Personal Identifying Information

This category includes the following red flags:

1. Personal identifying information provided is inconsistent when compared against external information sources used by the Firm. For example:
    a. The address does not match any address in the consumer report; or
    b. The Social Security Number (SSN) has not been issued, or is listed on the Social Security Administration's Death Master File.
2. Personal identifying information provided by the client is not consistent with other personal identifying information provided by the client. For example, there is a lack of correlation between the SSN range and date of birth.
3. Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by the Firm. For example:
    a. The address on an application is the same as the address provided on a fraudulent application; or
    b. The phone number on an application is the same as the number provided on a fraudulent application.
4. Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by the Firm. For example:
    a. The address on an application is fictitious, a mail drop, or a prison; or
    b. The phone number is invalid, or is associated with a pager or answering service.
5. The SSN provided is the same as that submitted by other persons opening an account or other clients.
6. The address or telephone number provided is the same as or similar to the address or telephone number submitted by an unusually large number of other persons opening accounts or by other clients.
7. The person opening the covered account or the client fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.

8. Personal identifying information provided is not consistent with personal identifying information that is on file with the Firm.

9. To the extent the Firm uses challenge questions, the person opening the covered account or the client cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.

Unusual Use of, or Suspicious Activity Related to, the Covered Account

This category includes the following red flags:

1. Shortly following the notice of a change of address for a covered account, the institution or creditor receives a request for a new, additional, or replacement means of accessing the account or for the addition of an authorized user on the account.

2. A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:

    a. Nonpayment when there is no history of late or missed payments;

    b. A material increase in the use of available credit;

    c. A material change in purchasing or spending patterns; or

    d. A material change in electronic fund transfer patterns in connection with a deposit account.

3. A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).

4. Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the client's covered account.

5. The Firm is notified that the client is not receiving paper account statements.

6. The Firm is notified of unauthorized charges or transactions in connection with a client's covered account.

Notice From Clients, Victims of Identity Theft, Law Enforcement Authorities, or Other Persons Regarding Possible Identity Theft

This category of red flags includes any notification by a client, a victim of identity theft, a law enforcement authority, or any other person that the Firm has opened a fraudulent account for a person engaged in identity theft.

26.7 Detecting Red Flags

The Firm will endeavor to detect red flags in connection with the opening of covered accounts and the maintenance of existing accounts through the following actions, as warranted to mitigate any perceived risks of identity theft:

1. Obtaining identifying information about, and verifying the identity of, a person opening a covered account; and
2. Authenticating customers, monitoring transactions, and verifying the validity of change of address requests, in the case of existing covered accounts.

26.8 Preventing and Mitigating Identity Theft

The Firm will respond appropriately to red flags. In determining an appropriate response, the Firm will consider aggravating factors that may heighten the risk of identity theft, such as a data security incident that results in unauthorized access to a client's account records or notice that a client has provided information related to a covered account to someone fraudulently claiming to represent the Firm or to a fraudulent website. Appropriate responses may include the following:

1. Monitoring a covered account for evidence of identity theft;
2. Contacting the client;
3. Changing any passwords, security codes, or other security devices that permit access to a covered account;
4. Reopening a covered account with a new account number;
5. Not opening a new covered account;
6. Closing an existing covered account;
7. Not attempting to collect on a covered account or not selling a covered account to a debt collector;
8. Notifying law enforcement; or
9. Determining that no response is warranted under the particular circumstances.

26.9 Updating the ITPP

The Firm will update the Program (including the red flags determined to be relevant) periodically, to reflect changes in risks to clients or to the safety and soundness of the Firm from identity theft, based on factors such as:

1. The experiences of the Firm with identity theft;
2. Changes in methods of identity theft;
3. Changes in methods to detect, prevent, and mitigate identity theft;
4. Changes in the types of accounts that the Firm offers or maintains; and
5. Changes in the business arrangements of the Firm, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.

26.10 Administering the ITPP

The Designated Supervisor is responsible for the continued administration of the Program, including its oversight, development, and implementation. In administering the Program, the Firm is required to:

1. Obtain approval of the initial written Program from either its board of directors or an appropriate committee of the board of directors;
2. Involve the board of directors, an appropriate committee thereof, or a designated employee at the level of senior management in the oversight, development, implementation, and administration of the Program;
3. Train staff, as necessary, to effectively implement the Program; and
4. Exercise appropriate and effective oversight of service provider arrangements.

26.10.1 Oversight of the ITPP

The Designated Supervisor will oversee the Program by:

1. Assigning specific responsibility for components of the Program's implementation (if the Designated Supervisor is not fully responsible for implementation);
2. Reviewing reports prepared by staff regarding compliance by the Firm with Regulation S-ID; and
3. Approving material changes to the Program as necessary to address changing identity theft risks.

26.10.2 Reports to Senior Management

The Designated Supervisor will report, at least annually, to senior management on compliance by the Firm with Regulation S-ID. The report will address material matters related to the Program and evaluate issues such as:

1. the effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts;
2. service provider arrangements;
3. significant incidents involving identity theft and management's response; and
4. recommendations for material changes to the Program.

26.10.3 Oversight of Service Provider Arrangements

Whenever the Firm engages a service provider to perform an activity in connection with one or more covered accounts, the Firm will take steps to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.