

---

**Item 1 – Cover Page**



## Eventide Asset Management, LLC

60 State Street, Suite 700, Boston, MA 02109

877-771-3836

[www.eventidefunds.com](http://www.eventidefunds.com)

March 30, 2012 with Updates from April 27, 2012

### **Form ADV Part 2A (Brochure)**

This Brochure provides information about the qualifications and business practices of Eventide Asset Management, the Adviser. If you have any questions about the contents of this Brochure, please contact us at 877-771-3836 x 55 and/or [rjohn@eventidefunds.com](mailto:rjohn@eventidefunds.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Eventide Asset Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help you determine to hire or retain an Adviser.

Additional information about the Adviser also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

---

## **Item 2 – Material Changes**

In order to assist clients in reviewing this Brochure, you will find a summary of material changes to our Brochure below. Please note that we are only discussing material changes since our last update on May 20, 2011.

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

We have added a description of the Advisor's use of Masters' Select as part of Eventide's investment strategy, as well as a brief description about investing in the Biotechnology & Pharmaceutical Industry Group. Please note that the Advisor's investment strategy has not changed. The items discussed has always been a part of the Advisor's investment strategy. We believe that the additional information will help clients better evaluate the Advisor.

### **Update on Item 11 – Code of Ethics:**

Last year, we provided our complete Code of Ethics in the Brochure. To reduce the length of our Brochure, we focused on the pertinent areas of our Code of Ethics this year. We also tried to provide more information on the Advisor's personal trading policies. We hope the information is useful in evaluating the Advisor. Our complete Code of Ethics is always available upon request.

### **Update on Item 12 – Brokerage Practices:**

You will notice that the information provided in the Brokerage Practices section is longer this year. We want clients to get a fuller understanding of the soft dollar benefits the Advisor receives from client commissions.

### **Update on Item 17 – Voting Client Securities**

We have added some additional information under the guidelines section for the benefit of clients. Our proxy voting policies and procedures have not changed.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

---

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Robin John, Chief Compliance Officer at 877-771-3836 x 55 or [rjohn@eventidefunds.com](mailto:rjohn@eventidefunds.com).

Additional information about the Adviser is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

---

## Item 3 -Table of Contents

<a href="#">Item 2 – Material Changes.....</a>	<a href="#">2-3</a>
<a href="#">Item 3 -Table of Contents.....</a>	<a href="#">4</a>
<a href="#">Item 4 – Advisory Business.....</a>	<a href="#">5-6</a>
<a href="#">Item 5 –Fees and Compensation.....</a>	<a href="#">6-7</a>
<a href="#">Item 6 – Performance-Based Fees and Side-By-Side Management.....</a>	<a href="#">7</a>
<a href="#">Item 7 – Types of Clients.....</a>	<a href="#">7</a>
<a href="#">Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....</a>	<a href="#">7-9</a>
<a href="#">Item 9 – Disciplinary Information.....</a>	<a href="#">9</a>
<a href="#">Item 10 – Other Financial Industry Activities and Affiliations.....</a>	<a href="#">9-10</a>
<a href="#">Item 11 – Code of Ethics.....</a>	<a href="#">10-11</a>
<a href="#">Item 12 – Brokerage Practices .....</a>	<a href="#">12-13</a>
<a href="#">Item 13 – Review of Accounts .....</a>	<a href="#">13</a>
<a href="#">Item 14 – Client Referrals and Other Compensation.....</a>	<a href="#">13</a>
<a href="#">Item 15 – Custody.....</a>	<a href="#">14</a>
<a href="#">Item 16 – Investment Discretion.....</a>	<a href="#">14</a>
<a href="#">Item 17 – Voting Client Securities.....</a>	<a href="#">14-18</a>
<a href="#">Item 18 – Financial Information.....</a>	<a href="#">18</a>

---

## **Item 4 – Advisory Business**

Eventide Asset Management, LLC (Adviser) provides investment advisory services to both a 1940 Act Mutual Fund (Eventide Gilead Fund) and to wrap fee programs by providing model portfolio recommendations. The Advisor analyzes the performance of potential investments not only for financial strengths and outlook, but also for the company's ability to operate with integrity and create value for customers, shareholders and society. While few companies may reach these ideals in every area of their business, these principles articulate the Advisor's highest expectations for corporate behavior.

The Adviser has been in business since April, 2008 and the only principal owner (voting shares greater than or equal to 25%) is Dr. Finny Kuruvilla. Dr. Kuruvilla is CIO of the Adviser.

The Adviser has provided investment advisory services to the Eventide Gilead Fund (Fund) since July 07, 2008 and has also provided investment advice through model portfolios to wrap fee programs since October, 2009.

The Fund invests primarily in a broad range of equity securities without limitation to market capitalization. The Fund may invest without limitation in securities in companies domiciled outside the United States either directly or through American Depositary Receipts ("ADRs"). In the Fund, the Advisor may use options strategies, such as puts and covered calls on individual securities, as well as options on securities indices, to generate income, to reduce portfolio volatility, or to reduce downside risk when the Advisor believes adverse market, political or other conditions are likely. The Adviser may also utilize a combination of puts and/or calls regarding the same security (sometimes referred to as "straddles," "collars" or "spreads") or utilize puts and calls on related securities. The Adviser may engage in frequent buying and selling of the Fund's investments to achieve the Fund's objective.

The Adviser also provides investment advice through model midcap and healthcare portfolios to wrap fee programs for asset-based fees negotiated with the wrap fee program sponsor. The sponsor maintains discretionary authority over the client accounts and can choose to accept or reject all or any portion of the model portfolios Eventide provides. The recommendations made by the adviser to these model portfolios are long equity only.

The Adviser does not have discretionary authority over wrap fee programs. However, the Adviser does provide investment advice through model portfolios to wrap fee programs. The sponsors of the wrap fee programs for which Eventide provides advisory services maintains discretionary authority over the client accounts and can choose to accept or reject all or any portion of the model portfolios Eventide provides. Eventide does not control trade execution in wrap fee programs, but generally expects there to be a delay between model portfolio changes and any resulting trades. Accordingly, if Eventide causes a mutual fund to buy or sell a security and also changes the allocation of the same security in a wrap fee program's model portfolio,

---

Eventide will first initiate the trades for the mutual fund and then update the wrap fee program's model portfolio.

As of February 17, 2012, the Advisor had discretionary authority over \$22,738,240 of assets, which were all in the Eventide Gilead Fund. The Advisor also provided investment advisory services to other financial advisors (sponsors) for managing approximately \$5,700,000 in wrap fee programs for which the Advisor did not have discretionary authority. The discretionary authority for these assets remains with the sponsors of wrap fee programs for which the Advisor provides investment advice.

### **Item 5 – Fees and Compensation**

The Eventide Gilead Fund (Fund) pays the Adviser an annualized management fee of up to 1.00 percent of assets under management. Currently, the Adviser has agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain the Fund's total annual operating expenses (excluding brokerage costs; borrowing costs, such as (a) interest and (b) dividends on securities sold short; taxes; costs of investing in underlying funds, 12b-1 fees and extraordinary expenses) at 1.42% of its average daily net assets through October 31, 2012. Each waiver or reimbursement by the Adviser is subject to repayment by the Fund within the three fiscal years following the fiscal year in which those particular expenses are incurred, if the Fund is able to make the repayment without exceeding the expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees of the Fund. Management fees accrue daily and are paid to the Adviser monthly.

Eventide pays expenses incurred by it in connection with acting as Advisor to the Gilead Fund, other than costs of securities purchased for the Fund and other expenses paid by the Fund as detailed in the Investment Advisory Agreement. Costs of securities purchased for the Fund includes taxes and brokerage commissions, borrowing costs, costs of investing in underlying funds and extraordinary expenses, if any. *For more information on Eventide's Brokerage Practices, please see Item 12.*

Eventide Asset Management, LLC also provides investment advice through model portfolios for wrap fee programs for asset-based fees negotiated with the wrap fee program sponsor. The wrap fee program sponsors generally pay 30-60 basis points annualized on its monthly assets depending on account types. Management fees are calculated and deducted from the wrap fee sponsor's client accounts and paid to the Advisor monthly. The Advisor's fees exclude possible brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the sponsors or by the sponsors' clients.

---

None of the supervised persons of the Adviser are compensated for the sale of securities, mutual funds, or other investment products.

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

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

The Adviser provides portfolio management services to both a 1940 Act Mutual Fund (Eventide Gilead Fund) and to wrap fee programs by providing model portfolio recommendations.

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

The Adviser uses both values-based analysis as well as fundamental, technical and risk analysis in selecting securities for investment. Investing in securities involves risk of loss that clients should be prepared to bear. The Adviser manages its portfolios actively which may involve frequent trading and can negatively affect investment performance through increased transaction costs and taxes.

Masters' Select is used as part of Eventide's investment strategy. With Master's Select, a portfolio manager will review the collective intelligence of proven analysts, portfolio managers, and algorithms as part of the investment decision process. The Adviser believes that utilizing collective intelligence can lead to more consistent performance by addressing the potential gaps in any one individual's investment decisions. But even proven analysts and portfolio managers can incorrectly evaluate the value of a specific security. If the Adviser utilizes Masters' Select, it will only do so as a starting point for its own analysis. The different types of analyses performed by the Adviser are described below.

Values based analysis attempts to understand the long term sustainable effects of a company's products, services and practices on its stakeholders based on the belief that companies whose products, services and practices are beneficial to more stakeholders have better long-term outlooks and corresponding better financial returns. However, the Adviser may not be able to

---

correctly ascertain which companies best exhibit these characteristics and there is no assurance that financial markets will reward these characteristics in a timely fashion. Values based analysis may therefore underperform other forms of investing. Likewise, since companies that rank poorly based on this type of analysis are generally excluded from investing, clients' investments universe may be smaller than if values based analysis were not applied. This could result in poorer diversification and/or reduced opportunities for returns to clients.

Technical analysis including charting and a variety of calculated metrics attempt to ascertain the most advantageous times or prices for buying, holding or selling securities. The Advisor applies these methods on a per-security basis in concert with other forms of analysis. Technical analysis does not work uniformly well with different securities or in various market climates, leading to the possibility that the analysis can be misapplied. This could result in losses or missed opportunities for gains for clients.

Fundamental analysis attempts to estimate the appropriate valuation of securities based on the current and projected future financial condition of the underlying companies. The Advisor believes that over long time periods financial markets will tend to price the securities nearer to their true underlying value. Hence the Advisor prefers holding securities trading at prices below its estimate of their true value, all else being equal. However, the Advisor may be incorrect in assigning a true underlying value to securities and financial markets can retain prices far away from true values for an extended period of time. In these cases, the use of fundamental analysis may result in the selection of securities which lose value or gain less than other securities.

Risk analysis attempts to balance potential return and risk to the portfolios managed by the Advisor, maximizing return relative to risk. The Advisor evaluates risk in terms of the broad stock market, the US Dollar and in the specific context of each portfolio. The Advisor prefers to accept risks which are less market correlated. As such, the Advisor may take more concentrated positions in individual securities where the Advisor believes that the expected benefit justifies the risk. This can lead to portfolios with relatively low correlation to broad indices, allowing for both outperformance and underperformance versus broad market indices and may cause investors' returns to be more volatile. In its mutual fund, the Advisor sometimes makes use of derivatives and short positions which may individually be quite volatile in order to achieve these goals. The Advisor may use derivatives or other securities to attempt to capture upside of specific events while attempting to limit downside. Use of derivatives generally increases trading and trading costs. The Advisor may not correctly estimate portfolio risk which could cause undesirable portfolio volatility and/or increase losses to clients.

Note that different forms of analysis sometimes indicate very different prospects for a security and the Advisor uses its best judgment to balance these analyses in selecting securities for portfolios. The Advisor's judgments may not be correct and this could lead to losses or missed opportunities for gain for clients.



---

If the Advisor trades more frequently as a result of any form of analysis it increases transaction costs to clients and may produce more realized capital gains which could have a negative effect on clients whose assets are not in qualified accounts due to taxes. The Advisor expects, but cannot confirm that the majority of client assets are held in qualified accounts.

Please note that the Advisor recommends Biotechnology & Pharmaceutical Industry Group to one or more clients as part of their investment strategy. The Advisor may recommend or invest a substantial portion of client assets in biotechnology and pharmaceutical companies if the Advisor believes that the expected benefit to clients justifies the risk, and is consistent with the client's investment objective. Clients should be aware that companies in the Biotechnology & Pharmaceutical Industry Group may be heavily dependent on clinical trials with uncertain outcomes and decisions made by the U.S. Food and Drug Administration. Companies in the Biotechnology & Pharmaceutical industry group also may not be financially profitable and thus subject to additional risks.

#### **Item 9– Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information applicable to this Item.

#### **Item 10– Other Financial Industry Activities and Affiliations**

CIO Finny Kuruvilla is also a Principal at Clarus Ventures, a healthcare venture capital firm based in San Francisco and Boston. If Finny Kuruvilla receives material nonpublic information on a publicly traded company through his responsibilities at Clarus Ventures, he is restricted from trading in the company, both for the Gilead Fund as well as personal accounts. The Adviser does not recommend private healthcare companies in any client portfolios.

Jason Myhre, who serves as wholesaler, is a registered representative of the broker dealer, Matrix Capital. None of the supervised persons of the Adviser are compensated for the sale of securities, mutual funds, or other investment products.

The Advisor executes portfolio transactions for the Fund through Matrix Capital, along with other broker dealers. As the distributor of the Fund, Matrix Capital is an affiliated broker dealer. Therefore, the Adviser submits all affiliated transactions to the Fund's CCO quarterly. This information is also provided to the Fund's Board of Trustees.

---

## **Item 11 – Code of Ethics**

The Advisor has adopted a Code of Ethics for the purpose of instructing all employees, officers, and directors of the Adviser in their ethical obligations and to provide rules for their personal securities transactions. Below is a summary of our Code of Ethics. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

All such persons owe a fiduciary duty to the Adviser's clients. Policies and procedures have been implemented by the Advisor to ensure that all personal securities transactions be conducted in a such a manner as to avoid any actual or potential conflict of interest or any abuse of any individual's position of trust and responsibility to clients of the Advisor.

All personal securities transactions must also comply with the Advisor's Insider Trading Policy and Procedures.

Employees shall at all times maintain the confidentiality of client identities, security holdings, financial circumstances and other confidential information.

Employees may not execute a securities transaction on a day during which a purchase or sell order in that same security or a related security is pending for the Fund unless the securities transaction is combined ("blocked") with the Fund's transaction or market capitalization of the company is greater than \$500 million. Employees must obtain pre-clearance in writing from the Compliance Department for a personal securities transaction in any security of a company or derivative of a security of a company with a market capitalization of less than \$500 million.

Any Securities Transactions in a private placement must be authorized by the Advisor's Compliance Officer, in writing, prior to the transaction. In connection with a private placement acquisition, the Compliance Officer must determine whether the investment opportunity should be reserved for a client, and whether the opportunity is being offered to an employee of the Advisor by virtue of the employee's position with the Advisor.

Employees of the Advisor are prohibited from acquiring any Securities in an initial public offering without the prior written approval of the Compliance Officer. This restriction is imposed in order to preclude any possibility of an Employee profiting improperly from the Employee's position with the Advisor.

Employees are prohibited from serving on the boards of directors of publicly traded companies, absent prior authorization by the Compliance Officer. The consideration of prior authorization will be based upon a determination that the board service will be consistent with the interests of clients. In the event that board service is authorized, Employees serving as directors will be isolated from other Employees making investment decisions with respect to the securities of the company in question.

---

Employee are required to provide a securities holdings report within 10 days of employment with the Advisor, as well as on an annual basis. Employees are also required to provide quarterly transaction reports within 30 days of the end of each calendar quarter. Employees must provide copies of quarterly statements for all broker accounts in which an Employee has the ability to buy or sell Reportable Securities or Reportable Funds.

The Compliance Officer will, on a quarterly basis, check the trading account statements provided by brokers to verify that the Employee has not violated the Code. The Compliance Officer shall identify all Employees, inform those persons of their reporting obligations, and maintain a record of all current and former access persons.

If an employee violates this Code, the Compliance Officer will report the violation to the Board of the Fund for appropriate remedial action which, in addition to the actions specifically delineated in other sections of this Code, may include a reprimand of the employee, or suspension or termination of the employee's relationship with the Fund and/or the Advisor.

The Advisor does not recommend to clients, or buys or sells for client accounts, securities in which the Advisor or a related person has a material financial interest.

The Advisor allows employees to invest in securities held by the Fund as long as it adheres to the policies outlined in our Code of Ethics. As described above, the Advisor has policies in its Code of Ethics in regards to employees buying or selling securities in personal accounts on the same day that the Advisor is trading the same security in the Fund. The Advisor does not want any employee to profit from a potential price movement resulting from a trade for the Fund. The Advisor does not foresee any other conflict of interest arising from an employee investing in securities held by the Fund.

## **Item 12 – Brokerage Practices**

The Advisor uses multiple brokers to execute trades on behalf of the Gilead Fund. The Advisor's primary objective in directing a trade to a broker is to obtain best execution in terms of share price, quality of service, and commissions paid. Eventide Asset Management looks at different factors in selecting brokers and determining the reasonableness of their commissions. Research and execution are key components. Brokers that provide research generally charge higher commissions for client transactions. So the Advisor weighs the benefit the research provides in investment decision-making against the higher transaction costs for the Gilead Fund. The Advisor believes that the use of client commission dollars to obtain research serves the interest of investors and is beneficial for the Gilead Fund.

---

Brokers provide proprietary research to the Advisor through access to reports on a broker's website, as well as periodic emails and phone calls to highlight such reports. The bulk of proprietary research is stock specific, but reports also focus on sectors and the macro-economic environment. Brokers may also provide third party research to the Advisor. Third party research consists of data services, and provides market and economic data.

When the Advisor uses client brokerage commissions to obtain research, the Advisor obtains a benefit since the Advisor does not need to produce or pay for the research received. This may create an incentive for the Advisor to select a broker-dealer based on its interest in receiving the research, rather than the Fund's interest in receiving most favorable execution. The Advisor's compliance team reviews trades on behalf of the Fund to monitor for best execution.

The Advisor may cause the Fund to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. In the last fiscal year, the Advisor did not have any soft arrangements in place with brokers, but received soft dollar benefits as a bundled service from broker-dealers. The Advisor has entered into a soft dollar arrangement with a broker-dealer this year. The Advisor will receive soft dollar credits from client commissions for Gilead Fund trades, which will be used for third party research consisting of market and economic data. The Advisor may enter into other soft dollar arrangements in the future.

The research the Advisor receives from brokers is used to service the Gilead Fund, but may benefit other advisory clients since clients of the Advisor may have investment objectives that overlap. The Advisor's other clients are wrap fee non-discretionary programs. As a result, the Advisor only sends trades to broker-dealers on behalf of the Gilead Fund at the present time.

In the last fiscal year, the Advisor received proprietary research as described above with client brokerage commissions. Eventide's portfolio management team determined if the research provided by brokers had added value to its overall portfolio evaluation process. If a broker's research was a factor in making a portfolio decision in the Fund, the portfolio managers generally directed a trade to the particular broker that provided the research. Commissions paid by the Fund on these trades were higher than those charged by brokers for pure execution, but only as permitted by Section 28(e) of the Securities Exchange Act of 1934. The portfolio management team evaluated the value of the research and directed trades accordingly.

---

Eventide Asset Management, LLC does not receive client referrals for selecting or recommending broker-dealers. Eventide Asset Management also does not recommend, request or require clients to direct brokerage.

### **Item 13 – Review of Accounts**

The CFO reviews the Fund's NAV calculated by Matrix Fund Services daily. The trades and commissions paid are reviewed by the CCO, CFO, and CIO daily. Concerning the model portfolios prepared by the Adviser for wrap fee account sponsors, the trades, commissions, and performance reporting are the responsibility of the plan sponsors to their own clients.

The CFO reviews the accuracy of the Adviser's balance sheet and income statements monthly and provides an update to the Adviser's CCO and CIO. As required by the Code of Ethics, the CCO reviews the personal trades of each Eventide employee on a quarterly basis to ensure compliance with the Code of Ethics.

A written report of trades done on behalf of the Gilead Fund is sent to the Fund's accounting group on a daily basis and is available to the Fund for review. The Advisor is also responsible for filling out quarterly and annual questionnaires for the Fund. This allows the Fund to evaluate whether the Advisor is fulfilling its fiduciary obligations to the Fund.

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

The Adviser does not receive economic benefit from non-clients, nor does the Adviser compensate anybody for referrals that lead to the sale of securities, mutual funds, or other investment products.

### **Item 15 – Custody**

The Adviser does not have custody over client assets.

---

Clients should receive at least quarterly statements from the broker dealer or qualified custodian that holds and maintain clients' investment assets. The Adviser urges you to carefully review such statements.

#### **Item 16 – Investment Discretion**

The Advisor has discretionary authority over the Fund to select the identity and amount of securities to be bought or sold. The Fund is the only client with which the adviser exercises discretion. Such discretion is to be exercised in a manner consistent with the stated investment objectives in the Fund's prospectus and SAI (Statement of Additional Information). The Adviser must observe the investment policies, limitations and restrictions of the Fund, which is described in the Fund's prospectus and SAI.

Investment guidelines and restrictions must be provided to the Adviser in writing.

#### **Item 17 – Voting *Client* Securities**

Pursuant to Rule 206(4)-6 and Rule 204-2 under the Advisers Act, it is a fraudulent, deceptive, or manipulative act, practice or course of business, within the meaning of Section 206(4) of the Advisers Act, for an investment adviser to exercise voting authority with respect to client securities, unless (i) the adviser has adopted and implemented written policies and procedures that are reasonably designed to ensure that the adviser votes proxies in the best interests of its clients, (ii) the adviser describes its proxy voting procedures to its clients and provides copies on request, and (iii) the adviser discloses to clients how they may obtain information on how the Advisor voted their proxies.

**Policy:** The Advisor will vote proxies on behalf of its individual clients. The Board of Trustees of the Trust has delegated responsibilities for decisions regarding proxy voting for securities held by the Fund to the Advisor. The Advisor will vote such proxies in accordance with its proxy policies and procedures. In some instances, the Advisor may be asked to cast a proxy vote that presents a conflict between its interests and the interests of the Fund's shareholders. In such a case, the Trust's policy requires that the Advisor abstain from making a voting decision and to forward all necessary proxy voting materials to the Trust to enable the Board of Trustees to make a voting decision. In order to fulfill its responsibilities under the Advisers Act, the Advisor has adopted the following policies and procedures for proxy voting with regard to companies in the investment portfolio of the Fund(s).

---

### ***Voting Proxies***

1. All proxies sent to clients that are actually received by the Advisor (to vote on behalf of the client) will be provided to the Operations Manager.
2. The Operations Manager will generally adhere to the following procedures (subject to limited exception):
  - (a) A written record of each proxy received by the Advisor (on behalf of its clients) will be kept in the Adviser's files;
  - (b) The Operations Manager will determine which of the Advisor holds the security to which the proxy relates;
  - (c) Prior to voting any proxies, the Operations Manager will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines set forth below. If a conflict is identified, the Operations Manager will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material.
  - (d) If no material conflict is identified pursuant to these procedures, the Operations Manager will vote the proxy in accordance with the guidelines set forth below. The Operations Manager will deliver the proxy in accordance with instructions related to such proxy in a timely and appropriate manner.

### ***Summary of Proxy Voting Guidelines***

When voting shares on behalf of shareholders, we pay special attention to accountability, alignment of management and shareholder interests, transparency & consistency with the Ethical Screening Criteria of the Fund. Below are the general guidelines that the Advisor uses in exercising our proxy voting responsibilities to our shareholders.

We believe that good corporate governance generally starts with a board composed primarily of independent directors, unfettered by significant ties to management, all of whose members are elected annually. We also believe that turnover in board composition promotes independent board action, fresh approaches to governance, and generally has a positive impact on shareholder value. We will generally vote in favor of non-incumbent independent directors.

The election of a company's board of directors is one of the most fundamental rights held by shareholders. Because a classified board structure prevents shareholders from electing a full slate of directors annually, we will generally support efforts to declassify boards or other measures

---

that permit shareholders to remove a majority of directors at any time, and will generally oppose efforts to adopt classified board structures.

We believe that the relationship between a company and its auditors should be limited primarily to the audit engagement, although it may include certain closely related activities that do not raise an appearance of impaired independence. We will evaluate on a case-by-case basis instances in which the audit firm has a substantial non-audit relationship with a company to determine whether we believe independence has been, or could be, compromised.

We believe that appropriately designed equity-based compensation plans, approved by shareholders, can be an effective way to align the interests of shareholders and the interests of directors, management, and employees by providing incentives to increase shareholder value. Conversely, we are opposed to plans that substantially dilute ownership interests in the company, provide participants with excessive awards, or have inherently objectionable structural features.

We will generally support measures intended to increase stock ownership by executives and the use of employee stock purchase plans to increase company stock ownership by employees. These may include:

1. Requiring senior executives to hold stock in a company.
2. Requiring stock acquired through option exercise to be held for a certain period of time.

These are guidelines, and we consider other factors, such as the nature of the industry and size of the company, when assessing a plan's impact on ownership interests.

We view the exercise of shareholders' rights, including the rights to act by written consent, to call special meetings and to remove directors, to be fundamental to good corporate governance. Because classes of common stock with unequal voting rights limit the rights of certain shareholders, we generally believe that shareholders should have voting power equal to their equity interest in the company and should be able to approve or reject changes to a company's by-laws by a simple majority vote. We will generally support the ability of shareholders to cumulate their votes for the election of directors.

While we recognize that there are arguments both in favor of and against shareholder rights plans, also known as poison pills, such measures may tend to entrench current management, which we generally consider to have a negative impact on shareholder value. Therefore, while we will evaluate such plans on a case by case basis, we will generally oppose such plans.

### ***Conflicts of Interest***

1. As stated above, in evaluating how to vote a proxy, the Operations Manager will first determine whether there is a conflict of interest related to the proxy in question between



---

Advisor and its Advisory Clients. This examination will include (but will not be limited to) an evaluation of whether the Adviser (or any affiliate of the Adviser) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside of an investment in such company by a client of the Adviser.

2. If a conflict is identified and deemed “material” by the Operations Manager, the Adviser will determine whether voting in accordance with the proxy voting guidelines outlined below is in the best interests of the client (which may include utilizing an independent third party to vote such proxies).
3. With respect to material conflicts, the Adviser will determine whether it is appropriate to disclose the conflict to affected clients give such clients the opportunity to vote the proxies in question themselves. However, with respect to ERISA clients whose advisory contract reserves the right to vote proxies when the Adviser has determined that a material conflict exists that affects its best judgment as a fiduciary to the ERISA client, the Adviser will:
  - (a) Give the ERISA client the opportunity to vote the proxies in question themselves; or
  - (b) Follow designated special proxy voting procedures related to voting proxies pursuant to the terms of the investment management agreement with such ERISA clients (if any).

### ***Record-keeping Requirements***

The Operations Manager will be responsible for maintaining files relating to the Adviser's proxy voting procedures. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in the offices of the Adviser. Records of the following will be included in the files:

1. Copies of these proxy voting policies and procedures, and any amendments thereto;
2. A copy of each proxy statement that the Adviser actually received; provided, however, that the Adviser may rely on obtaining a copy of proxy statements from the SEC’s EDGAR system for those proxy statements that are so available;
3. A record of each vote that the Adviser casts;
4. A copy of any document that the Adviser created that was material to making a decision how to vote the proxies, or memorializes that decision (if any); and

- 
5. A copy of each written request for information on how the Adviser voted such client's proxies and a copy of any written response to any request for information on how the Adviser voted proxies on behalf of clients.

A copy of our complete Proxy Voting Policies and Procedures is available to our clients, without charge, upon request, by calling 1-877-771-3836. We will send a copy of these Proxy Voting Policies and Procedures within three business days of receipt of a request, by first-class mail or other means designed to ensure equally prompt delivery. In addition, we will provide each client, without charge, upon request, information regarding the proxy votes cast by us with regard to the client's securities.

### **Item 18– Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Under no circumstances do we require or solicit payment of fees in advance of services rendered.

The Adviser's financial statements will be provided upon request.