

FORM ADV PART II



January 9, 2012

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This brochure provides information about the qualifications and business practices of Pyxis Capital, L.P, an investment adviser registered with the Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at (972) 628-4100. 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. Additional information about Pyxis Capital, L.P. is also available at the Securities and Exchange Commission's website www.adviserinfo.sec.gov. Our registration as an investment adviser does not imply any level of skill or training.

ITEM 2. MATERIAL CHANGES

This update is only to reflect the name change of the adviser from Highland Funds Asset Management, L.P. to Pyxis Capital, L.P. effective 1/9/2012. There are no other material changes in this update.

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ITEM 4. ADVISORY BUSINESS

Pyxis is an investment adviser registered with the SEC and serves as an adviser to mutual funds registered under the Investment Company Act of 1940 (the “Registered Funds” or “Retail Funds”).

OWNERSHIP OF PYXIS

Pyxis is 100% owned, directly, or indirectly, by senior management. James Dondero and Mark Okada directly or indirectly may be deemed to be a principal owner of Pyxis.

PYXIS ASSETS UNDER MANAGEMENT

Figures are in US\$ millions as of 12/31/2011.

Total Assets Under Management	\$	3,018
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All assets are managed on a discretionary basis.

OUR ADVISORY SERVICES

Pyxis provides investment advisory services to the Registered Funds. The Registered Funds may follow different investment strategies as outlined in each funds’ prospectus.

Pyxis may utilize affiliated and/or non-affiliated sub-advisers to perform various advisory services including investment selection. The sub-advisory agreements with each sub-advisory spell out the duties of Pyxis and the sub-advisor. Pursuant to each agreement, certain services outlined in this ADV Part II may be delegated to the sub-advisor while others may be performed by Pyxis.

ITEM 5. FEES AND COMPENSATION

For providing investment advisory services, Pyxis may charge Clients a management fee and other fees as necessary and agreed to (including, but not limited to, expenses related to servicing accounts, such as administration and legal services).

Clients may incur brokerage and other transaction costs associated with Pyxis's management of Client Accounts. Please see the section titled Brokerage Practices of this ADV Part 2 for a discussion of Pyxis's brokerage practices.

FEE SCHEDULE

The following summary of fees is typically updated in this brochure annually (on or about March 31) and may not reflect subsequent changes. Fees in the below Fee Schedule are annualized.

Product	Management Fee	Performance Fee or Carried Interest	Other Fees
Retail Funds	From 0.25% to .95%	None	None

Certain investment vehicles managed by Pyxis may invest in other investment vehicles managed by Pyxis or our affiliates. Both investment vehicles may impose management fees, performance fees or other expenses (including administrative fees). This may result in greater expense to a Client than if such Client had invested directly in the underlying investment vehicle. Certain companies in which Clients are invested also may use the products or services, or invest in investment vehicles, offered by Pyxis or its affiliates and may pay fees or other compensation accordingly.

As compensation for our advisory services, each Retail Fund pays Pyxis a management fee (accrued daily or weekly) ranging from 0.25% to .95% annually and payable in arrears. The management fee is based upon the applicable Retail Fund's average daily net assets, which may or may not be net of investment leverage (borrowed capital). This management fee is deducted from the Retail Fund's assets on a monthly basis.

In addition to management fee and brokerage and transaction costs, investors in the Retail Funds will indirectly bear certain other fees and expenses paid by the Retail Funds, including, but not limited to expenses of the independent trustees of the Retail Fund, fees and expenses for legal, fund accounting, transfer agency, custodial and auditing services, interest expense, taxes, and other investment-related costs, insurance premiums, extraordinary and non-recurring and certain other unusual expenses. Each Retail Fund's

prospectus and statement of additional information include more detailed information about the fees and expenses paid by such Retail Fund.

Pyxis will occasionally waive a portion of the fees payable by the Retail Funds, which could result in an indirect benefit to investors in the Retail Funds.

OTHER COMPENSATION

Client Accounts managed by Pyxis or its affiliates may hold significant positions, individually or collectively, in the securities issued by a company. Accordingly, Pyxis or its affiliates, jointly or severally, may have the right to appoint a board member for such company. As it sees fit, Pyxis or an affiliate may appoint an employee or a third party to such position. Unless the offering and/or governing documents for Client Accounts permit otherwise, all compensation received by the employee(s) for such board member positions will be paid to Pyxis or the affiliate for the benefit of the Client Account, in proportion to relative assets of the Client Account as of the date paid.

We have established procedures designed to address possible conflicts of interest that such board membership might present, including requiring authorization from the Chief Compliance Officer prior to an officer or employee serving as a board member. As a result of such activities, Pyxis may acquire confidential information, which may restrict Client Accounts from transacting in certain securities. As a result we may not initiate a transaction on behalf of Clients which we otherwise might have.

**ITEM 6. PERFORMANCE-BASED FEES
AND SIDE-BY-SIDE MANAGEMENT**

Not applicable.

ITEM 7. TYPES OF CLIENTS

Our Clients include:

❖ Retail Funds

Investment advice is provided directly to Clients and not individually to investors in a particular Client.

The minimum account size for the Retail Funds (other than closed-end investment companies for which there is no minimum investment size) varies and is disclosed in the applicable Retail Fund's prospectus and statement of additional information. Minimum account size may be waived for certain investors at Pyxis's discretion.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

The items below are types of investment strategies we make although we may add or subtract from this list based on various factors including macro-economic conditions. Currently, all strategies below are sub-advised by GE Asset Management (“GEAM”) with the exception of the Small-Cap Fund which is sub-advised by Palisade Capital Management (“Palisade”), LLC, and Champlain Investment Partners, LLC (“Champlain”).

INVESTMENT STRATEGIES

Core Value Equity Fund

The fund seeks long-term growth of capital and future income by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities. The Fund invests primarily in U.S. companies that the portfolio manager believes are undervalued by the market but have solid growth prospects.

Fixed Income Fund

The fund seeks maximum income consistent with prudent investment management and preservation of capital by investing its new assets under normal circumstances in debt securities. The Fund invests primarily in a variety of investment grade debt securities such as mortgage-backed securities, corporate bonds, U.S. Government securities and money market instruments,

Global Equity Fund

The Fund seeks long-term growth of capital by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities. The Fund invests in companies in developed and developing countries, including the United States.

Government Securities Fund

The Fund seeks a high level of current income consistent with safety of principal by investing at least 80% of its net assets under normal circumstances in U.S. Government securities. The Fund’s investments may also include mortgage-backed securities with remaining maturities of one year or more.

International Equity Fund

The Fund seeks long-term growth of capital by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities. The Fund invests primarily in companies in developed and emerging markets outside the United States.

Money Market Fund II

The Fund seeks to achieve a high level of current income consistent with the preservation of capital and maintenance of liquidity. The Fund invests primarily in short-term, U.S. dollar denominated money market instruments.

Premier Growth Equity Fund

The Fund seeks long-term growth of capital and future income rather than current income by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities. The Fund invests primarily in a limited number of large and medium sized companies (meaning companies with a market capitalization of \$1 billion or more) that the portfolio manager believes have above average growth histories and/or growth potential.

Short-Term Government Fund

The Fund seeks a high level of income consistent with prudent investment management and the preservation of capital by investing at least 80% of its net assets under normal circumstances in U.S. Government securities. The Fund's investments may also include mortgage-backed securities and repurchase agreements secured by U.S. and Government securities.

Small-Cap Equity

The Fund seeks long-term growth of capital by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities of small-cap companies.

Tax Exempt Fund

The Fund seeks a high level of income exempt from federal income taxation as is consistent with preservation of capital. The Fund invests primarily in investment-grade municipal obligations. Under normal circumstances, the portfolio manager manages the Fund so that at least 80% of the Fund's income is exempt from both regular federal income and the federal alternative minimum tax.

Total Return

The Fund seeks maximum total return by investing primarily in a combination of U.S. and foreign equity and debt securities and cash.

U.S. Equity Fund

The Fund seeks long-term growth of capital by investing at least 80% of its net assets under normal circumstances in common and preferred stocks and other types of equity securities of issuers that are tied economically to the U.S.

METHOD OF ANALYSIS

As stated in Item 4, Pyxis may utilize affiliated and/or non-affiliated sub-advisers to perform various advisory services including investment selection. The sub-advisers may employ different methods of analysis than Pyxis. For specific information on the method of analysis used by a sub-adviser, please refer to the respective advisers Form ADV Part II. The information below reflects the method of analysis that may be performed by Pyxis.

For all investments in Client Accounts, we utilize both fundamental and technical analysis methods. Our investment philosophy is rooted in a value-oriented, long-term approach, which combines bottom-up research with top-down technical market analysis. Pyxis's sourcing advantage and robust information and research expertise allows us to comprehensively analyze and monitor a high percentage of the investable universe. Our analysts follow a rigorous and time-tested bottom-up analysis for each security we manage. We have also devised and applied an institutionalized process of evaluation and approval, via our Investment Committee, and have built a dedicated experienced team that has been integrated into Pyxis's investment process.

Pyxis's sell discipline is largely enforced by the ongoing monitoring of individual names by the responsible analyst and his or her supervisor.

Other sources of information include obtaining and reviewing due diligence packages prepared by issuers and underwriters of institutional private placements and meetings with management of issuers.

MATERIAL RISKS OF SIGNIFICANT STRATEGIES AND METHODS OF ANALYSIS:

In this section we've summarized some of the material risks of Pyxis's investment strategies and methods of analysis. More complete information about the specific risks associated with each strategy or Client Account is available in the applicable offering

documents. All methods of investments in securities and loans involve risk of loss including risk that a Client will lose the entire value of their investment.

Allocation of Investments

There is a risk that the allocations methodology employed by Pyxis will not result in optimal allocation and may disadvantage one Client Account while benefiting another Client Account. Since the process involves human input there is the risk that human error may cause harm to a Client Account and there can be no guarantee such harm will be discovered through normal testing procedures. Poor or mistaken allocation decisions could result in the loss of money for investors.

Credit Risk

Clients engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities and/or financial instruments may become illiquid. There is a risk that the issuer of a fixed income security will be unable to make timely principal and interest payments on the security. Certain Clients may invest in securities rated below investment grade (which are commonly referred to as “high yield” securities or “junk” securities). They are regarding as predominately speculative with respect to the issuer’s continuing ability to meet principal and interest payments. The downgrade of a security held by a Client Account may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in ratings assigned by commercial rating companies such as Moody’s Investor Service, Standard & Poor’s Corporation, Duff & Phelps Credit Rating Co. and Fitch Investors Service.

Currency Risk

If a Client Account invests directly in non-U.S. currencies or in securities of issuers that trade in, and receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a

Client's investments in foreign currency-denominated securities may reduce the returns of the Client Account.

Derivatives Risk

Derivatives, such as futures and options, are subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Derivatives also expose the Client to the credit risk of the derivative counterparty. Derivative contracts may expire worthless and the use of derivatives may result in losses to the Client.

Frequency of Trading

Some of the strategies and techniques to be employed by Pyxis require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions will be greater than for other investment vehicles of similar size that do not employ frequent trading techniques.

Hedging

Pyxis may (but is not required to) utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of a Client Account resulting from fluctuations in the markets and changes in interest rates; (ii) protect the unrealized gains in the value of a Client Account; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Client Account; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of financial instruments; (vii) protect against any increase in the price of any financial instruments Pyxis anticipates purchasing at a later date; or (viii) act for any other reason that the Pyxis deems appropriate. For a variety of reasons, Pyxis may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Client from achieving the intended hedge or expose the Client to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings. Moreover, it should be noted that the Client Account will be exposed to certain risks that cannot be hedged.

Illiquid Securities

Pyxis may cause a Client to invest in a security that is illiquid. This could present a problem in realizing the prices quoted (selling a bond at or near its true value) and in effectively trading the position(s). The primary measure of liquidity is the size of the spread between the bid price and the offer price quoted by a dealer. The greater the dealer spread, the greater the liquidity risk. Liquidity risk is less relevant for investments that are intended to be held until maturity. Lack of liquidity means Pyxis may not be able to sell such investments at prices that reflect Pyxis's assessment of their value or the amount paid for such investments. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by Pyxis and other factors. Furthermore, the nature of Pyxis's investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Inflation Risk

Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if Pyxis purchases a 5 year bond in which it can realize a coupon rate of 5 percent, but the rate of inflation is 6 percent, then the purchasing power of the cash flow has declined. For securities other than adjustable bonds or floating rate bonds, the investment is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Investments in Distressed Assets

Debt obligations and other securities of distressed companies will by their nature relate to companies in unstable financial condition and entail substantial inherent risks. Consequently, many of these companies will likely have significantly leveraged capital structures, making them highly sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Distressed investing also involves significant expenses of legal counsel, experts, consultants and other third parties.

Investments in Equity Securities

Investments in public equities are subject to the risk that stock prices will fall over short or long periods of time. In addition, common stock represents a share of ownership in a company, and rank after bonds and preferred stock in their claim on the company's assets in the event of bankruptcy.

Investments in Foreign Securities

A Client may invest a portion of its assets in securities of companies domiciled or operating in one or more foreign countries. Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the U.S., including instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the U.S. Foreign securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Investments in Senior Secured Loans

Senior secured loans have significant credit risks and material losses may occur. As with other debt obligations, claims and collateral may be difficult to enforce in the event of a default. No assurance can be made that full or significant recovery of principal and/or interest will be received or that any collateral recovered will be marketable or sufficient.

Leverage

When deemed appropriate by Pyxis and subject to applicable regulations, a Client may use leverage in its investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the

amounts invested, they also increase the risk of loss. To the extent a Client purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Client. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Client's use of leverage would result in a lower rate of return than if the client were not leveraged.

Maturity Risk

In certain situations, Pyxis may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, Pyxis will make an adjustment to account for the differential interest-rate risks in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Market or Interest Rate Risk.

The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities fall. If a Client holds a fixed income security to maturity, the change in its price before maturity will have little impact on the Client's performance; however, if the Client has to sell the fixed income security before the maturity date, an increase in interest rates will result in a loss. Senior secured bank loans generally pay interest at rates that are determined periodically by reference to a base lending rate plus a premium. These rates often are re-determined either daily, monthly, quarterly or semi-annually. Recently, domestic and international markets have experienced a period of acute stress starting in the real estate and financial sectors and then moving to other sectors of the world economy. This stress has resulted in unusual and extreme volatility in the equity and debt markets and in the prices of individual investments. These market conditions could add to the risk of short-term volatility of investments.

Options

A Client may use a number of option strategies. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

With certain exceptions, exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index options are cash settled for the net amount, if any, by which the option is “in-the-money” (i.e., where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option. The Client’s ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market.

Over-the-counter (“OTC”) options are purchased from or sold to securities dealers, financial institutions or other parties (“Counterparties”) through direct bilateral agreement with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantee, and security, are set by negotiation of the parties. Unless the parties provide for it, there is no central clearing or guaranty function in an OTC option. As a result, if the Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with the Client or fails to make a cash settlement payment due in accordance with the terms of that option, the Client will lose any premium it paid for the option as well as any anticipated benefit of the transaction.

If a put or call option purchased by the Client were permitted to expire without being sold or exercised, its premium would be lost by the Client. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the Client at a higher price than its

current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Client at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks.

Short Sales

A Client may sell securities short. Short selling involves the sale of a security that the Client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Client must borrow securities from a third party lender. The Client subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Client must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays a fee for the use of the Client’s cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Valuation of Portfolio Investments

From time to time, special situations affecting the valuation of the investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Client) could have an impact on the value of a Client’s investment, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. Generally, Pyxis is not required to make retroactive adjustments to prior subscription or withdrawal transactions, management fees or performance allocations based on subsequent valuation data. In addition, Pyxis may, but is not required to, discount the value of its positions due to limited liquidity, concentration levels or for other reasons. Due to the nature of its investments, Pyxis may not be able to place a precise value on positions and therefore may need to estimate values.

ITEM 9. DISCIPLINARY INFORMATION

On May 21, 2007, the U.S. Federal Trade Commission (“FTC”), alleged that James Dondero violated Section 7a of the Clayton Act (a/k/a the Hart-Scott-Rodino Antitrust Improvements Act of 1976), by failing to comply with the notification and waiting period requirements applicable to a prior transaction involving our acquisition of voting securities. The day following this allegation, a consensual final judgment was entered into under which James Dondero agreed to pay a \$250,000 fine in resolution of such action.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Pyxis and its advisory affiliates manage various strategies and some strategies are managed by more than one adviser. For this reason certain Clients of Pyxis (or clients of Pyxis's advisory affiliates) may be referred to and enter into advisory agreements with such affiliated adviser. Neither Pyxis nor its advisory affiliates charge a fee for such referral or receive any portion of the advisory fees charged clients managed by an affiliated adviser.

BROKER-DEALER, BANKING, AND CONSULTING AFFILIATES

Owners of Pyxis own a majority interest in NexBank Capital, Inc., whose wholly owned subsidiaries include NexBank Securities, Inc. ("NexBank Securities"), NexBank, SSB, and Barrier Advisors, Inc. Pyxis and NexBank Capital, Inc. may be deemed to be under common control and may share certain employees in limited capacities. Some employees of Pyxis may also be registered, licensed, and employed by NexBank Securities.

NexBank Securities, Inc.

NexBank Securities is a registered broker-dealer and a Member of FINRA/SIPC. It may provide distribution assistance in connection with the sale or placement of funds managed by Pyxis and receive compensation for these services.

NexBank, SSB

NexBank, SSB, a state chartered bank, is an affiliate of Pyxis and may, from time to time, provide banking and agency services to portfolio companies in which Client Accounts may be invested. These services generally may result in compensation to NexBank, SSB in various forms, including administrative agent fees, structuring fees, origination and syndication fees, and assignment fees. Fees are charged at rates competitive with those offered by third parties. Pyxis may also refer Client Accounts or controlled investments to NexBank, SSB for banking services. NexBank, SSB may charge its customary fees for the provision of such banking services.

To the extent permitted by applicable law, NexBank, SSB, may sell or offer participations to Pyxis Accounts a variety of commercial loans for which NexBank will receive compensation. The federal and state regulatory authorities with jurisdiction over Pyxis may review the pricing and other terms of these sales or participations.

Barrier Advisors, Inc.

Barrier Advisors, Inc., a restructuring consulting firm, is also an affiliate of Pyxis and may provide services and restructuring advice to portfolio companies of Client Accounts for compensation.

INVESTMENT ADVISER AFFILIATES

A related person of Pyxis is the general partner of a number of other collective investment vehicles organized as partnerships including those managed by the following affiliated investment advisers:

Highland Capital Management, L.P.

Highland Capital Management, L.P. ("HCMLP") is a SEC Registered Investment Adviser and under common control with PCAP because the owners of PCAP own substantially all of HCMLP.

Tunstall Capital Management, L.P.

Tunstall Capital Management, L.P., a SEC-registered investment adviser, is under common control with Pyxis because the owners of Pyxis own substantially all of Tunstall Capital Management, L.P.

Granite Bay Advisors, L.P.

Granite Bay Advisors, L.P., a SEC-registered investment adviser, is controlled by the Mark Okada, Pyxis's Chief Investment Officer.

Cummings Bay Capital Management, L.P.

Cummings Bay Management, L.P., a SEC-registered investment adviser, is under common control with Pyxis because the owners of Pyxis own substantially all of Cummings Bay Management, L.P.

Acis Capital Management, L.P.

Acis Capital Management, L.P., a SEC-registered investment adviser, is under common control with Pyxis because the owners of Pyxis own substantially all of Acis Capital Management, L.P.

INSURANCE COMPANY AFFILIATES

Highland Capital Management Services, Inc. is an affiliate of Pyxis and parent company of Governance Re Ltd., a captive insurance agency issuing directors & officers' liability

insurance and employment practice liability insurance to Pyxis and affiliates. A conflict of interest exists due to the fact that Governance Re Ltd. may receive premiums from portfolio companies of Client Accounts. Pyxis may be incentivized to choose Governance RE to provide these services over a third party even though such party's services may be better suited for the company.

INDEPENDENT BUSINESS ENTITIES

Employees, including the owners, of Pyxis also own personal interests in a variety of independent business entities. A conflict of interest may exist due to the potential for the owners' personal relationships and financial interests to conflict with our Client's interests.

BUSINESS ACTIVITIES WITH PORTFOLIO COMPANIES

Pyxis or its affiliates provide on a periodic basis certain services to portfolio companies including, but not limited to, forensic accounting, interim management consulting services and merger and acquisition advisory services. Pyxis or our affiliates may also furnish operational consulting services to certain portfolio companies of Pyxis's Clients. The time spent by Pyxis with respect to such activities depends upon a number of factors including the size of the investment, the relationship with the portfolio company and the financial and strategic position of such company. Pyxis or its affiliated advisors (including employees) may be directly or indirectly compensated for such services provided such compensation is received as a result of an arm's length contract between the company and such person. Employees of Pyxis may be granted equity or options in the portfolio companies for which they provide certain services.

Additional information regarding potential conflicts of interest arising from Pyxis's relationship and activities with its affiliates is provided in the section titled Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Pyxis maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its Code of Ethics. The Code of Ethics applies to each employee of Pyxis and other “access person”. It is designed to ensure compliance with legal requirements of Pyxis’s standard of business conduct.

A complete copy of Pyxis’s Code of Ethics is available to any Client or prospective Client upon request.

STANDARDS OF CONDUCT

Pyxis and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and Pyxis or Client.

ETHICAL BUSINESS PRACTICES

Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Political contributions or payments to government officials or employees may not be furnished on behalf of Pyxis. Pyxis seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from participating in online blogging, unapproved communication with the media, and the spreading of false rumors pertaining to any publicly traded company.

CONFIDENTIALITY

Employees must maintain the confidentiality of Pyxis’s proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. Pyxis has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those Employees and outside parties who may need to know it in order to fulfill their responsibilities.

GIFT AND ENTERTAINMENT POLICY

Employees are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in the best interests of Pyxis and its Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of Pyxis's business relationships. The policy sets specific limits on the price of gifts given or received or the cost of entertainment attended or provided. Employee are required to obtain approval from the Chief Compliance Officer or designated employee before or promptly after accepting or giving any gift or attending or sponsoring any entertainment event.

PERSONAL TRADING

Personal Trading Policy

Access persons are allowed to trade reportable securities, however all securities transactions must be pre-approved by the Chief Compliance Officer or his or her designee. Access persons are not permitted to trade any security of which Pyxis owns any portion of the capital structure or that is on Pyxis's restricted list without permission. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are monitored and reviewed by the Chief Compliance Officer or his/her designee for compliance with the personal trading policy and applicable SEC rules and regulations.

Prohibition against Insider Trading

Pyxis forbids any access person from trading, either personally or on behalf of others, including Clients advised by Pyxis, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as "insider trading". The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

Reporting Requirements

In compliance SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with Pyxis, within 10 days of opening a new account, and annually thereafter. Additionally, no later than 30 days after quarter-end, all access persons must report all transactions in reportable securities over

which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

POTENTIAL CONFLICTS

Pyxis and its affiliates engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of its business, as well as how Pyxis addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Pyxis's determination as to which factors are relevant, and the resolution of such conflicts, will be made using Pyxis's best judgment, but in its sole discretion. In resolving conflicts, Pyxis will take into consideration the interests of the relevant clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

Allocation or Investment Opportunities

Pyxis acts as investment adviser to Clients that have similar investment objectives and pursue similar strategies. Certain investments identified by Pyxis may be appropriate for multiple Clients. Investment decisions for such Clients are made by Pyxis in its best judgment, but in its sole discretion, taking into account such factors as Pyxis believes relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, the size of investments generally, and limitations and restrictions on a Client's Account that are imposed by such Client. A particular investment may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if Pyxis did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of Pyxis's various Clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit Pyxis's ability to act for a Client and may reduce performance. Regulatory and legal restrictions (including restrictions

on aggregated positions) may also restrict the investment activities of Pyxis and result in reduced performance.

Pyxis seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities among its Clients, including the allocation of limited investment opportunities. Our allocation policy is based on a fundamental desire to treat each Client Account fairly over time. Please refer to the Investment Discretion – Allocation Conflicts section for a more detailed explanation of Pyxis's allocation process.

Capital Structure Conflicts

Conflicts will arise in cases when Clients invest in different parts of an issuer's capital structure, including circumstances in which one or more Clients own private securities or obligations of an issuer and other Clients may own public securities of the same issuer. In addition, one or more Clients may invest in securities, or other financial instruments, of an issuer that are senior or junior to securities, or financial instruments, of the same issuer that are held by or acquired for, one or more other Clients. If such issuer encounters financial problems, decisions related to such securities (such as over the terms of any workout or proposed waivers and amendments to debt covenants) will raise conflicts of interests. For example, a Client holding debt securities of the issuer may be better served by a liquidation of the issuer in which it may be paid in full, whereas a Client holding equity securities of the issuer might prefer a reorganization that holds the potential to create value for the equity holders.

Pyxis has adopted policies and procedures to manage any conflicts that arise when Clients hold different pieces of an issuer's capital structure. In accordance with those procedures, Pyxis typically designates two employees with separate job duties to cover the different parts of the capital structure. Information barriers are set and each employee votes in the best interest of their representative position. Pyxis may also use external counsel for guidance and assistance.

Position Conflicts

Another type of conflict may arise if we cause one Client Account to buy a security and another Client Account to sell or short the same security. Currently, such opposing positions are not permitted without prior trade approval by the Chief Compliance Officer. In addition, transactions in investments by one or more Client Accounts may have the effect of diluting or

otherwise disadvantaging the values, prices or investment strategies of other Client Accounts.

Generally, Pyxis does not purchase, sell or hold securities on behalf of Clients contrary to the current recommendations made to other Client Accounts. However, because certain Client Accounts may have investment objectives, strategies or legal, contractual, tax or other requirements that differ (such as the need to take tax losses, realize profits, raise cash, diversification, etc.), Pyxis may purchase, sell or continue to hold securities for certain Client Accounts contrary to other recommendations. In addition, Pyxis may be permitted to sell securities or instruments short for certain Client Accounts and may not be permitted to do so for other Client Accounts.

Cross Trading

In an effort to reduce transaction costs, increase execution efficiency, and capitalize on timing opportunities, Pyxis may execute cross trades, or sell a security for one Client to another Client, without interposing a broker-dealer. Pyxis will only execute a cross trade when it complies with the cross trade procedures set forth in Pyxis's compliance manual. Cross trades, however, may present an inherent conflict of interest because Pyxis represents the interest of the buyer and seller in the same transaction. As a result, Clients involved in a cross trade bear the risk that the price obtained from a cross trade may be less favorable than if the trade had been executed in the open market.

Conflicts Related to Investment Activities

Pyxis may buy or sell the same securities for an affiliate's account that it buys or sells for a Client or may pursue the same investment strategies for an affiliate's account as for a Client's. Pyxis also may receive greater management fees or incentives in connection with managing certain Client Accounts than from other Client Accounts. In addition, Pyxis may have an incentive to resolve conflicts of interest in favor of affiliated Clients over non-affiliated Clients. As previously described, Pyxis adopted trade allocation policies and procedures that seek to ensure fair and equitable access to investment opportunities for all accounts.

Trade Aggregation

In some circumstances, Pyxis may seek to buy or sell the same securities contemporaneously for multiple Client Accounts. Pyxis may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients, but is not required to do so. In particular, Pyxis may

determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if Pyxis determines that aggregation is not practicable, not required or inconsistent with Client direction. When transactions are aggregated and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged, in which case all participating Client Accounts generally will be charged or credited with the average price. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage any particular Client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all Client Accounts seeking the investment opportunity or a Client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable Client to participate in the opportunity.

Conflicts related to Valuation

Pyxis or an affiliate may have a role in determining asset values with respect to Client Accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because Pyxis may be paid an asset-based fee on certain Client Accounts. In order to mitigate these conflicts, Pyxis and its affiliates determine asset values in accordance with valuation procedures, which generally are set forth in Pyxis Compliance Manual.

Conflicts related to Investments in Affiliated Funds

If permitted by the relevant investment guidelines and applicable law, Pyxis may purchase for Client Accounts interests in other pooled vehicles, offered by Pyxis or its affiliates. Investment by a Client in such a vehicle means Pyxis or its affiliates may receive advisory or other fees from the Client in addition to advisory fees charged for managing the Client's Account. The details of any possible fee offsets, rebates or other reduction arrangements in connection with such investments are provided in the documentation relating

to the relevant Client Account and/or underlying investment vehicle. In choosing between vehicles managed by Pyxis and those not affiliated with Pyxis, Pyxis may have a financial incentive to choose Pyxis-affiliated vehicles over third parties by reason of additional investment management, advisory or other fees or compensation Pyxis or its affiliates may earn. The potential for fee offsets, rebates or other reduction arrangements may not necessarily eliminate this conflict and Pyxis may nevertheless have a financial incentive to favor investments in Pyxis-affiliated vehicles. If Pyxis invests in an affiliated vehicle, a Client should not expect Pyxis to have better information with respect to that vehicle than other investors may have (and if Pyxis does have better information it may be prohibited from acting upon it in a way that disadvantages other investors).

Additionally, Pyxis's affiliates may sponsor and manage funds and accounts that compete with Pyxis or make investment with funds sponsored or managed by third-party advisers that would reduce capacity otherwise available to Pyxis's Clients.

Other Potential Conflicts

Pyxis may provide services other than advice to a Client, including administration, organizing/managing business affairs, executing and reconciling trades, preparing financials and providing audit support, preparing tax documents, sales and investor relations support, and diligence and valuation services, for additional fees. A potential conflict may arise in such circumstances because Pyxis may be incentivized to favor its Clients that pay such additional fees. However, the individuals who provide advice to Clients do not provide these additional services.

Pyxis may cause a Client to purchase, sell or hold securities of issuers in which Pyxis or its affiliate makes a market or has an equity, debt or other financial interest or securities of issuers or other investments in which Pyxis or its affiliates, its officers or employees or its affiliated broker-dealers and other related persons and their officers or employees have positions or other financial interests. For example, Pyxis may purchase on behalf of a Client unregistered securities for which an affiliate acts as placement agent, which may result in additional fees to the affiliate or assist the affiliate in meeting its contractual obligations. Pyxis may also cause a Client to borrow money from Pyxis's affiliates, and the affiliates may earn interest or fees on such transactions. Conflicts also may arise if Pyxis implements a portfolio decision or strategy (including a decision to hold an investment) for one Client ahead of, or contemporaneously with, another Client. Such transactions may have the effect of diluting or otherwise disadvantaging the values, prices or

investment strategies of other Client Accounts and could result in one Client receiving more favorable trading results or reduced costs at the expense of the other Client.

Pyxis or its affiliates may invest (or recommend that a Client invest) in securities issued by a Client and may hedge derivative positions by buying or selling securities issued by a Client. A potential conflict may arise in such circumstances because Pyxis may be incentivized to favor its Clients that issue securities, or such clients of its affiliates, over the Client on whose behalf Pyxis is making the investment. In addition to Clients, some of Pyxis's service providers are issuers of securities. Pyxis may determine that it is in the best interests of a Client to purchase securities issued by one of these entities. Pyxis has adopted policies and procedures designed to address conflicts of interest arising from the foregoing activities. Furthermore, it is Pyxis's general policy not to take into account the fact that an issuer is a Client, service provider or vendor when making investment decisions.

Certain qualified employees and affiliates may invest in Clients either through general partner entities or as limited partners, shareholders or otherwise. Pyxis may reduce all or a portion of the management fee, , or other costs and expenses related to the investments by such persons.

Conflicts Related to Information Possessed by or Provided by Pyxis

Certain persons within Pyxis may receive or create information (*e.g.*, proprietary technical models) that is not generally available to the public. Pyxis has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information and in many cases Pyxis will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information regarding Pyxis's transactions or views that is not available to other Clients, and may act on that information through accounts managed by persons other than Pyxis. Such transactions may negatively impact other Clients (*e.g.*, through market movements or decreasing availability or liquidity of securities).

Conflicts Related to Pyxis's Relationships with Third Parties

Pyxis or its affiliates may advise third-parties regarding valuation, risk management, transition management and potential restructuring or disposition activities in connection with proprietary or Client investments, which may create an incentive to purchase securities or other assets from those third parties or engage in related activities to bid down the price of such assets, which may have an adverse effect on a Client.

Pyxis's Client may work with pension or other institutional investment consultants and such consultants may also provide services to Pyxis or its affiliates. Consultants may provide brokerage execution services to employees of Pyxis and its affiliates and such employees may attend conferences sponsored by consultants. Pyxis or its affiliates also may be hired to provide investment management or other services to a pension or other institutional investment consultant that works with a Client, which may create conflicts.

Pyxis and its affiliates may make payments to financial intermediaries relating to placement of interest in Unregistered Investment Funds, which may create an incentive for a financial intermediary to recommend the Unregistered Investment Fund over other products. Additionally, certain payments relating to distribution and sales support activities under Rule 12b-1 plans may create an incentive for the entity receiving such payments to recommend or sell shares of a Retail Fund or other product.

Pyxis may in-source or out-source to third parties certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if Pyxis bears operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which Pyxis has a greater entitlement to reimbursement or less expense on Clients for which Pyxis has lesser (or no) entitlement to reimbursement. Pyxis may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to Pyxis and Pyxis may use such analysis to provide investment advice to other Clients.

Pyxis may purchase information (such as periodicals, conference participation, papers, surveys) from professional consultant firms, and such firms may believe they have an incentive to give favorable evaluations of Pyxis to their Clients.

In selecting broker-dealers that provide research or other products or services that are paid with soft dollars, conflicts may arise between Pyxis and a Client because Pyxis may not produce or pay for these benefits but may use brokerage commissions generated by Client transactions. Soft dollar arrangements may also give Pyxis an incentive to select a broker-dealer based on a factor other than Pyxis's interest in receiving the most favorable execution. Conflicts of interest related to soft dollar relationships with brokerage firms may be particularly influential to the extent that Pyxis uses soft dollars to pay expenses it might otherwise be required to pay itself. Furthermore, research or brokerage services obtained using soft dollars or

that are bundled with trade execution, clearing, settlement or other services provided by a broker-dealer may be used in such a way that disproportionately benefits one Client over another (*e.g.*, economics of scale or price discounts). For example, research or brokerage services paid for through one Client's commission may not be used in managing that Client's account. Additionally, where a research product or brokerage service has a mixed-use, determining the appropriate allocation of the product or service may create conflicts. Please refer to the section titled Brokerage Practices for information regarding Pyxis's use of soft dollars.

Conflicts may arise where Pyxis has the responsibility and authority to vote proxies on behalf of its clients. Please refer to the section titled Voting Client Securities for information regarding the policies and procedures governing Pyxis's proxy voting activities.

Employees of Pyxis may serve on the boards of directors and/or investment committees of external organizations, including those organizations that are currently or may become Clients of Pyxis, and such service may present conflicts of interest to the extent the employee become aware of material non-public information and may be unable to initiate some transactions for other Clients while in possession of that information.

Pyxis may conduct business with institutions such as broker dealers or investment banks that invest, or whose Clients invest, in pooled vehicles sponsored or advised by Pyxis or its affiliates, or may provide other consideration to such institutions or recognized agents, and as a result Pyxis may have a conflict of interest in placing its brokerage transactions.

Employees or affiliates of Pyxis or a related person may receive stock options from companies, the securities of which may be held in accounts of Pyxis's Clients, in exchange providing consulting work, including but not limited to, advisory services and financial services, for those companies.

ITEM 12. BROKERAGE PRACTICES

BROKER-DEALER SELECTION

Pyxis may utilize non-affiliated sub-advisers to perform various advisory services including investment selection. The sub-advisers have policies and procedures in place regarding brokerage practices. For specific information on the brokerage practices used by a sub-adviser, please refer to the respective advisers Form ADV Part II.

Pyxis has an obligation to obtain “best execution” for Client transactions considering the execution price and overall commission costs paid and certain other factors. Our trading desk route orders to various broker-dealers for execution at their discretion. Where possible, we deal directly with the dealers who make a market in the securities involved, except in those circumstances where it believes better prices and execution are available elsewhere.

Through periodic meetings of a Brokerage committee, Pyxis reviews compensation paid to broker-dealers. The meetings include an in-depth review of “best execution reports” which are third party reports that show how Pyxis’s execution compared to its peers. The reports also include information regarding the most used broker-dealers, lowest and highest cost broker-dealers, and additional other information that may be useful in ensuring broker-dealer selection and compensation during the review period was reasonable.

Factors involved in selecting brokerage firms include:

Broker Specific

- ❖ Size of broker
- ❖ Reputation
- ❖ Quality of service
- ❖ Experience
- ❖ Financial stability and creditworthiness
- ❖ Financial Statements
- ❖ Regulatory filings
- ❖ Standing in financial community
- ❖ Ability to handle block trades

- ❖ Acceptable record of delivery and payment on past transactions
- ❖ Quality of research and investment information provided

Transaction Specific

- ❖ Best available execution
- ❖ Market knowledge regarding specific industries and securities
- ❖ Access to sources of supply or markets
- ❖ Nature of the market for the security

THE APPROVAL PROCESS

Pyxis's trading desk is only allowed to trade with broker-dealers that are approved by our Brokerage Committee. New broker-dealers are added to Pyxis's approved list of broker-dealers subject to a formal review process which closely analyses all of the above mentioned Broker Specific selection items. The Brokerage Committee will review the requirements and determine what additional procedures or reporting are necessary.

Pyxis generally has discretion to select brokers for its Clients that are pooled investment vehicles, such as, Retail Funds. For the Retail Funds, the board of trustees/directors of each Retail Fund is ultimately responsible for the oversight of the Retail Fund and has the authority to direct or limit the brokers that may be used for the particular Retail Fund.

SOFT DOLLARS

In those circumstances where more than one broker-dealer is able to satisfy our obligation to obtain best execution, Pyxis may place a trade order on behalf of Client Accounts with a broker-dealer that charges more than the lowest available commission cost or price. Pyxis may do this in exchange for certain brokerage and research services provided either directly from the broker-dealer or through a third party ("Soft Dollar Arrangements"), such that each of the following is met:

- ❖ Pyxis determines:
 1. The research or brokerage product or service constitutes an eligible brokerage or research service;
 2. The product or service provides lawful and appropriate assistance in the performance of Pyxis's investment decision making responsibilities; and
 3. In good faith the amount of Client commissions paid is reasonable in light of the value of the products or services provided.

- ❖ The brokerage or research is “provided by” a broker-dealer who participates in effecting the trade that generates the commission. Pyxis may not incur a direct obligation for research with a third party vendor and then arrange to have a broker-dealer pay for that research in exchange for brokerage commissions.
- ❖ Pyxis may only generate soft dollars with commissions in agency transactions. Pyxis may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or over the counter (“OTC”) security may be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between Pyxis and the market for that security.
- ❖ No soft dollars are generated on accounts for which:
 1. Investment discretion resides with the Client (i.e. non-discretionary accounts);
 2. Client mandates restrict or prohibit the generation of soft dollar commissions;
 3. The Client has a directed brokerage arrangement.
- ❖ The brokerage trade placed is for “securities” transactions (and not, for example, futures transactions).

Research services furnished by brokers through whom Pyxis effects securities transactions may be used in servicing all of Pyxis’s accounts, and not all such services may be used in connection with the accounts which paid commissions to the broker providing such services. However, Pyxis seeks to allocate soft dollar benefits to Client Accounts proportionately to the soft dollar credits the accounts generate.

If a Client Account is under the custody of one brokerage firm and another brokerage firm is a selling group member for an underwriting syndicate, such a Client Account may not be able to participate in the purchase of securities in the underwriting because the custodial brokerage firm was not a selling group member. In addition, to the extent that a Client directs brokerage trades to be placed with a particular broker, the allocation of securities transactions may be impacted.

When Pyxis uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Pyxis receives a benefit because the firm does not have to produce or pay for research, products, or services. Consequently, Pyxis may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than Clients’ interest in receiving most favorable execution.

PRODUCTS AND SERVICES ACQUIRED WITH SOFT DOLLARS

All products and services acquired with soft dollars qualify under the Safe Harbor of 28(e) of the Securities Exchange Act of 1934. Some of the types of services and products paid for in the last fiscal year include independent stock research, economic research, small cap energy research, research for short selling ideas, research in specific industry sectors, real time feeds, expert networks, newswires, strategic analysis, and back office systems.

DIRECTED BROKERAGE

Pyxis does not require Clients to direct brokerage, but in those situations where a Client has directed Pyxis to place trades with a particular broker-dealer, Pyxis may not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing Pyxis to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct us to use a particular broker-dealer and those Clients who do not direct us to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.

TRADE AGGREGATION

Orders of Clients may be combined (or “bunched”) when possible to obtain volume discounts resulting in a lower per share commission. Please see the section entitled Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading for additional information regarding Pyxis’s trade aggregation procedures.

ITEM 13. REVIEW OF ACCOUNTS

ACCOUNT REVIEW

Among Pyxis's separate business units, Pyxis has multiple investment committees which are organized and staffed based on the particular asset class being evaluated. Depending on the particular investment committee, some or all of the following members of senior management will sit on the committee:

Titles of Committee Members

Co-Founder & President

Co-Founder & Chief Investment Officer

Partner

Portfolio Manager

Co-Head of Research

Senior Portfolio Manager

Head of Retail Products

Each respective investment committee is responsible for (i) assessing and approving investment opportunities and (ii) reviewing all Client Accounts for which such committees make investment decisions and determining general account suitability for a particular investment.

Investments in all Client Accounts are typically reviewed at least weekly and are reviewed collectively and individually by multiple reviewers in order to provide multiple perspectives on the accounts. Reviewers evaluate Client objectives along with, among other factors, applicable portfolio restrictions, available cash, particularized investment suitability, investment performance and diversification. In addition to, and not as a substitute for the foregoing, additional reviews are conducted in accordance with Client requests as set forth in the relevant investment advisory contract.

NATURE AND FREQUENCY OF REPORTING

Client reporting varies based on the type of product/vehicle. The following summarizes the reporting provided to each Client. The reports provided to a Client within a particular investment product/vehicle may differ from our description dependent upon strategies of Client needs.

Retail Funds

Pyxis uses BNY Mellon Investment Servicing services to create and distribute appropriate written account information to its investor base. No reports are created and distributed directly from Pyxis to the investor. Periodically, however, Pyxis may hold conference calls to discuss performance and events that are material to the Retail Fund industry.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Employees of NexBank Securities, Inc. are compensated based on their activities in soliciting investors through FINRA and/or SEC registered intermediaries for select funds advised by Pyxis. The NexBank Securities employees are compensated with a base salary and discretionary bonus.

ITEM 15. CUSTODY

Pyxis does not act as custodian for Client assets. Bank of New York is currently the custodian for all PCAP assets.

ITEM 16. INVESTMENT DISCRETION

PCAP manages all assets on a discretionary basis. Before an investment may be made into a Mutual Fund, the investor must complete an application and should review the fund prospectus. Within this documentation will be an authorization granting Pyxis power of investment discretion.

ITEM 17. VOTING CLIENT SECURITIES

Pyxis may utilize non-affiliated sub-advisers to perform various advisory services including investment selection. The sub-advisers have policies and procedures in place regarding proxy voting. For specific information on the brokerage practices used by a sub-adviser, please refer to the respective advisers Form ADV Part II.

For a security held by a Retail Fund, Pyxis will disclose the proxy and its reasoning for voting as it did to the Retail Fund's Board of Trustees at the next regularly scheduled quarterly meeting. In voting proxies for securities held by a Retail Fund, Pyxis may consider only the interests of the Retail Fund and will vote such proxies in the best economic interests of such Retail Fund. It is the responsibility of the Compliance Department to document the basis for the decision and furnish the documentation to the Board of Trustees. Pyxis may resolve the conflict of interest by following the proxy voting recommendation of a disinterested third party such as ISS, Glass Lewis, or another institutional proxy research firm.

OBTAINING A COPY OF THE POLICY

Clients and prospective Clients can obtain a copy of the proxy voting policy or information on how Pyxis voted proxies by contacting Pyxis's Chief Compliance Officer at (972) 628-4100. In addition, each Retail Fund's proxy voting record for the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling (877) 665-1287 and (ii) on the SEC's website (<http://www.sec.gov>). Information as of June 30 each year will generally be available on or about the following August 31.

ITEM 18. FINANCIAL INFORMATION

Pyxis does not charge or solicit pre-payment of more than \$1200 in fees per Client six or more months in advance.

Pyxis has discretionary authority or custody of Client funds or securities. There is no financial condition that is reasonably likely to occur that would impair our ability to meet contractual commitments to Clients.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not Applicable.