

**FIRM BROCHURE**  
Part 2A of Form ADV

October 10, 2013

**Kingsbridge Wealth Management, Inc.**

1140 N Town Center Drive, Suite 340

Las Vegas, NV 89144

Phone: (702) 947-5160

Fax: (866) 526-1050

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

Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Kingsbridge Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (702) 947-5160. 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.

Kingsbridge Wealth Management, Inc. is a registered investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Kingsbridge Wealth Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 1: COVER PAGE**

Please refer to previous page.

**ITEM 2: MATERIAL CHANGES**

This Brochure dated October 10, 2013 was revised to reflect recent changes to the investment strategy of the private investment fund managed by KWM. The private fund now makes investments primarily through special purpose vehicles which are managed by unaffiliated third-party advisers, as described in greater detail in Item 8.

The previous version of this brochure is dated January 7, 2012.

Because of the amount of detail provided within the Brochure, KWM encourages each client to read this Brochure carefully and to call us with any questions you may have.

Pursuant to SEC Rules, KWM will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of KWM's fiscal year end, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as KWM experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact DDunn@kingsbridgewm.com.

Additional information about the firm and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 3: TABLE OF CONTENTS**

	<u>Page</u>
<b>ITEM 1 – COVER PAGE.....</b>	<b>2</b>
<b>ITEM 2 - MATERIAL CHANGES.....</b>	<b>2</b>
<b>ITEM 3 - TABLE OF CONTENTS.....</b>	<b>3</b>
<b>ITEM 4 - ADVISORY BUSINESS.....</b>	<b>4</b>
<b>ITEM 5 - FEES AND COMPENSATION.....</b>	<b>6</b>
<b>ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....</b>	<b>9</b>
<b>ITEM 7 - TYPES OF CLIENTS.....</b>	<b>9</b>
<b>ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....</b>	<b>10</b>
<b>ITEM 9 - DISCIPLINARY INFORMATION.....</b>	<b>19</b>
<b>ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>19</b>
<b>ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>20</b>
<b>ITEM 12 - BROKERAGE PRACTICES.....</b>	<b>21</b>
<b>ITEM 13 - REVIEW OF ACCOUNTS.....</b>	<b>24</b>
<b>ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>25</b>
<b>ITEM 15 – CUSTODY.....</b>	<b>25</b>
<b>ITEM 16 - INVESTMENT DISCRETION.....</b>	<b>26</b>
<b>ITEM 17 - VOTING CLIENT SECURITIES.....</b>	<b>27</b>
<b>ITEM 18 - FINANCIAL INFORMATION.....</b>	<b>27</b>

## ITEM 4: ADVISORY BUSINESS

### A. Description of Firm

Kingsbridge Wealth Management, Inc. (“KWM” or the “Firm”) is a Las Vegas, Nevada based investment advisory firm founded in 2009 and registered with the U.S. Securities and Exchange Commission (“SEC”) in 2012. KWM offers investment advisory services to individuals, trusts, estates, charitable organizations, corporations, private fund(s), and other organizations.

The principal owner of KWM is David J. Dunn who serves as the Firm’s President.

### B. Types of Advisory Services Offered

#### Separately Managed Accounts

KWM provides investment advisory services to individuals, trusts, estates, charitable organizations, corporations and other organizations through the use of separately managed accounts.

KWM emphasizes continuous personal client contact and interaction in providing discretionary investment management services. Further, KWM works with its clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement its clients’ goals and objectives. KWM may create a portfolio, consisting of traditional asset classes of fixed income and domestic equities, exchange traded funds (“ETFs”), mutual funds, options or other securities and non-public investments, including the private fund managed by KWM. Cash represents either money market funds or cash equivalents.

KWM will determine a portfolio that is suitable to a managed account client’s goals, objectives, circumstances, and risk tolerance. Once the appropriate portfolio has been determined, KWM will manage the client’s portfolio in accordance with the client’s investment goals and objectives. The client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. KWM’s strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services on at least an annual basis, or more often, depending upon prior agreement.

Separately managed account clients may also invest a portion of their account in the privately-offered pooled investment vehicle managed by KWM (the “Fund”).

Investment strategies may include long term, short-term, trading, and option writing strategies. Each portfolio will be initially designed to meet the particular investment goals of the client.

#### Private Fund Management

In addition, KWM provides investment management services on a discretionary basis to the Fund and is available to high net worth individuals and businesses each of whom is an “accredited investor” as the term is defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”),

Prospective investors are provided with a Confidential Private Placement Memorandum (the “Offering Memorandum”) and other documentation that details the investment objectives, risks, fees, and other important information about the Fund.

The Fund generally invests its assets in and conducts its trading activities through special purpose vehicles (“SPVs”), which are managed by unaffiliated investment managers and pursue different investment strategies. Currently, the Fund invests through two SPVs. The Fund may also invest in unaffiliated hedge funds, independently managed accounts, or similar investment vehicles that, in turn, employ a wide variety of investment strategies. KWM supervises the Fund, makes investment decisions with respect to investment of cash balances and monitors the activities of the SPV managers, the managers of other investment vehicles and the investment guidelines.

With respect to the Fund, KWM adheres to the investment strategy set forth in the Offering Memorandum. The Fund and its underlying investors may not otherwise impose restrictions on investing in certain securities or types of securities.

#### Financial Planning and Consulting Services

KWM provides a variety of financial planning services, pursuant to a written agreement, to individuals, families and other clients regarding the management of their financial resources based upon an analysis of a client’s current situation, goals, and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, and business planning. Fees for this service are discussed under Item 5. As part of this service, KWM offers concierge services such as bill paying pursuant to a written agreement.

KWM’s financial planning services involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives.

#### C. Advisory Agreements

Prior to engaging KWM to provide investment advisory services for the separately managed accounts, the client will be required to enter into one or more written agreements with KWM setting forth the terms and conditions under which KWM shall render its services (collectively the “Agreement”). In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), KWM will provide a brochure and one or more brochure supplements to each client or prospective client prior to or contemporaneously with the execution of an investment advisory agreement.

The Agreement between KWM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. KWM’s annual fee shall be prorated through the date of termination as defined in the Agreement and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner. Thereafter, the Agreement between KWM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement.

Neither KWM nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of KWM shall not be considered an assignment.

#### D. Wrap Fee Programs

KWM does not participate in wrap fee programs.

#### E. Assets Under Management

As of August 31, 2013, the following represents the amount of client assets under management by KWM:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$116,548,011
Non-Discretionary	\$7,018,435
Total:	\$123,566,446

### ITEM 5: FEES AND COMPENSATION

#### A. Advisory Fees

##### Separately Managed Accounts

With respect to separately managed account clients, KWM charges fees based on a percentage of assets under management. The fee charged by KWM for its advisory services will be set forth in each client's written agreement with KWM. Although KWM believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Assets Under Management	Annual Advisory Fee
Up to \$5,000,000	1.00 %
>\$5,000,000 to < \$25,000,000	0.75 %
>\$25,000,000	0.65 %

Prior to engaging KWM to provide investment advisory services, the client will be required to enter into one or more written agreements with KWM setting forth the terms and conditions under which KWM shall render its services (collectively the "Agreement").

The fee for investment management will be payable quarterly in advance. The first payment is due upon execution of the Agreement, and will be assessed pro-rata and payable during the subsequent quarter in the event the Agreement is executed other than the first day of the new calendar quarter. Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee. Lower fees for comparable services may be available from other sources. These fees may be negotiated by KWM under certain circumstances, and at the sole discretion of KWM.

Either party may terminate the Agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing the Agreement. After five (5) business days, clients will receive pro-rata refunds, which

take into account work completed by KWM on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

Managed account clients that invest in the Fund will not be charged an advisory fee on that portion of the assets invested in the Fund, but will pay the management fee and performance allocation in connection with its investment in the Fund, as described below.

#### Private Fund Management

The Fund pays KWM a management fee equal to an annual rate of seventy-five basis points (0.75%) of each limited partner's capital account balance, calculated and payable quarterly in advance as of the beginning of each calendar quarter. Management fees are generally not refundable or negotiable and are deducted from each limited partner's capital account quarterly in advance. KWM may agree to a waiver or variation of the management fee in its sole discretion with respect to certain limited partners.

Additionally, with respect to limited partners holding Series B limited partner interests in the Fund, the general partner of the Fund (an affiliate of KWM) is entitled to an annual performance-based profit allocation from the Fund at the end of each calendar year (the "Performance Allocation") equal to 2.5% of the Fund's net profits allocated to each Series B limited partner's capital account for the current calendar year. The performance allocation is only charged to the extent that such profits exceed any losses carried forward from prior years, based on a "high water mark" formula. The performance allocation is generally calculated and deducted from each Series B limited partner's capital account at the end of each fiscal year. A performance allocation is also calculated and charged (i) with respect to any limited partner permitted or required to withdraw and (ii) with respect to a limited partner making a partial withdrawal of its capital account, as of any time other than the close of a year on the basis of net profits allocated to the limited partner through the withdrawal date (but only with respect to the amount withdrawn on a *pro rata* basis in the event of a partial withdrawal). The general partner may agree to a waiver or variation of the performance allocation in its sole discretion with respect to certain limited partners.

The management fee and Performance Allocation are deducted from the Fund's account.

#### Financial Planning and Consulting Services

KWM will charge a negotiable fixed fee ranging from \$1,000 to \$10,000 for financial planning, the total of which is dependent upon the level and scope of these services. One half of the total estimated fixed and hourly fees are due and payable at the time the client's agreement is executed, the remainder of the fees are due upon presentation of a plan or the rendering of consulting services. Financial plans will be presented to the clients within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the clients.

Either party may terminate the agreement at any time by providing written notice to the other party within five (5) days of signing KWM's financial planning agreement. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.

## **B. Other Fees and Expenses**

### Separately Managed Accounts

In addition to KWM's annual investment management fee, the client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. For more information on brokerage transactions and costs, please see Item 9: Brokerage Practices.

All fees paid to KWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of KWM. In that case, the client would not receive the services provided by KWM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition, goals, and objectives. Accordingly, the clients should review both the fees charged by the funds and the fees charged by KWM to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided.

Advice offered by KWM may involve investments in money market funds. Clients are hereby advised that all fees paid to KWM for investment advisory services are separate and distinct from the fees and expenses charged by money market funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. KWM does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by money market funds, KWM, and others to fully understand the total amount of fees to be paid by the client.

Upon client's written authorization, fees will be automatically deducted from the account. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee.

KWM may select, with clients' consent, other third-party investment managers that KWM will monitor on the clients' behalf. When KWM does so, the client pays a maximum fee of 1.00% of assets under management to KWM and also pays any applicable fees charged by the third-party investment manager.

### Private Fund Management

In addition to the management fee and Performance Allocation payable at the Fund level, the SPVs

and other investment vehicles will also pay management fees and performance allocations to the relevant manager. As an investor in the SPVs and other investment vehicles, the Fund bears its pro rata portion of the management fees and performance allocations charged at the SPV and other investment vehicle level.

The Fund bears all costs and expenses directly related to its investment program, including the formation of the SPVs and the compensation of SPV managers and the compensation of the managers of other investment vehicles. The Fund also bears all costs and expenses incurred by the SPVs directly related to their investment programs, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes and all expenses incurred in connection with locating, evaluating, and implementing potential investments, including travel, software subscriptions and other research related expenses. For more information on brokerage transactions and costs, please see Item 9: Brokerage Practices.

#### Financial Planning and Consulting Services

In addition to KWM's fee for financial planning, a financial planning client is required to pay filing fees for entities and any legal and accounting fees that KWM may incur in conjunction with the client's planning assignment.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Certain limited partners of the Fund pay a Performance Allocation, (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets) as described in Item 5 above. Performance-based fees are not charged to separately managed account clients. KWM may have an incentive to favor accounts for which it (or an affiliate) receives a performance-based fee. However, the Fund primarily invests through the SPVs, which are managed by third-party managers. Additionally, the Fund and separately managed account clients do not pursue the same strategy or invest in the same types of securities, so there is no risk that KWM would favor the Fund to the detriment of separately managed account clients in the event of limited investment opportunities.

### **ITEM 7: TYPES OF CLIENTS**

#### Separately Managed Accounts

KWM provides fully discretionary investment advisory services for a variety of clients, including individuals, corporations, charitable organizations, trusts, and estates. KWM generally requires a client to have a minimum \$5,000,000 of total assets available for investment as a condition for beginning a client relationship or managing a client's assets. In certain circumstances, account minimums may be negotiable based upon prior relationships as well as related account holdings at the Firm's sole discretion.

Private Fund Management

The minimum initial investment in the Fund is generally \$500,000.00 although KWM may vary or waive the minimum investment in its sole discretion. An investment in the Fund is available only to a limited number of sophisticated investors who meet the definition of “accredited investor” under Regulation D of the Securities Act of 1933, as amended.

Financial Planning and Consulting Services

KWM provides a variety of financial planning services to individuals, families and other clients.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Managed Accounts

KWM utilizes various methods of analysis in formulating its investment management decisions. KWM employs a defined process for gaining exposure to desired asset classes and sub-asset classes. KWM may employ an algorithm for creating a portfolio to track a specific index and will monitor the portfolio, no less than quarterly, for tracking error to that index. KWM will also monitor the portfolio for tax basis and endeavor to manage assets in a tax efficient manner for taxable accounts. KWM may also index exposure to desired asset classes or sub-asset classes by using Exchange Traded Funds (ETFs). The ETFs used will be monitored for tracking error to the index, liquidity, and cost no less than quarterly. KWM may also implement fixed income allocations by investing in individual bonds. Each bond is evaluated for credit rating, coupon, maturity, and call features as well as the individual bonds contribution to a diversified portfolio of bonds.

KWM may select, with clients’ consent, other third-party investment managers that KWM will monitor on the clients’ behalf. In order to assist the client in the selection of a third-party investment manager, KWM will typically gather information from the clients about their financial situation, investment objectives, and reasonable restrictions imposed on the management of the account. KWM will not offer advice on any specific securities or other investments in connection with this service. KWM makes every reasonable attempt to ensure that any investment advisers that it selects or recommends to clients are properly licensed or exempt from registration.

KWM will periodically review reports provided to the client by a third party manager. KWM will contact the client periodically, as agreed, in order to review the client’s financial situation and objectives; communicate information to the third-party manager as warranted and assist the clients in understanding and evaluating the services provided by the third-party manager. Clients will be expected to notify KWM of any changes in their financial situation, investment objectives, or account restrictions. Clients may also contact directly the third-party manager managing the account or sponsoring the program.

KWM may also encourage managed account clients to invest a portion of their accounts in the Fund. The Fund’s strategy and the risks associated with such strategy are described below.

KWM follows a general systematic investment strategy using the following steps:

- Based on a client's investment objectives and risk tolerance, KWM will determine a suitable allocation between fixed income investments, equities, cash equivalents and alternative investments. This allocation should not change unless the client's investment objectives or risk tolerance changes.
- For each client account, KWM will determine strategic asset allocation targets for each asset class utilized in a client's account. This will partly be based on the client's investment objectives, risk tolerance, and cash flow needs, but will also be based on KWM's analysis of the long term risk/return characteristics of each asset class. KWM will not begin constructing a client's account portfolio until the client approves the asset class allocation model.
- Once the asset class allocation model is approved by the client, KWM begins constructing the client's account portfolio in accordance with the model.

KWM prefers to index to specific asset classes because they participate in market returns and are lower cost and can be managed for lower taxation. KWM also considers after-tax returns for taxable accounts and if possible or suitable for a client KWM will index with individual equities or ETFs.

A further feature of KWM's investment strategy is its emphasis on broad global diversification and selecting asset classes which have a relatively low-correlation with each other.

#### *Risk of Loss*

Investing in securities involves a significant risk of loss. KWM's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at anytime be worth more or less than the amount invested.

#### *Risks Involved in Particular Types of Investments*

*Stock Market Risk.* The market value of stocks will generally fluctuate with market conditions. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Past performance of investments is no guarantee of future results.

*Fixed Income Securities.* Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

*Foreign Investing Risk.* Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets.

*Small and Mid-Cap Company Risk.* Stocks of mid-capitalization companies often have greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies. Stocks of small-capitalization companies often experience greater price volatility than large- or mid-sized companies because small-cap companies are often newer or less established than larger companies and are likely to have more limited resources, products and markets. Securities of small-cap companies are often less liquid than securities of larger companies as a result of there being a smaller market for their securities.

*Large-Cap Company Risk.* Large-cap companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

*Growth Investing Risk.* Prices of growth company securities may fall more than the overall equity markets due to changing economic, political or market conditions or disappointing growth company earnings results. Growth stocks also generally lack the dividends of some value stocks that can cushion stock prices in a falling market.

#### Private Fund Management

The Fund is similar to a "fund of funds." KWM allocates the Fund's assets to affiliated SPVs, which pursue different investment strategies and are managed or advised by independent investment managers. The Fund may also invest in unaffiliated hedge funds, independently managed accounts, or similar investment vehicles (collectively, "Investment Vehicles") that, in-turn, employ a wide variety of investment strategies.

1. Currently the Fund invests in two SPVs – Kingsbridge RMBS, LP, and Kingsbridge KNG, LLC. The investment strategy of each SPV is described below. KWM may sponsor additional SPVs in the future or may invest in other Investment Vehicles.

#### *Kingsbridge RMBS, LP*

The investment objective of Kingsbridge RMBS, LP is to earn returns through interest income and potential capital appreciation by purchasing residential mortgage debt-backed securities, which will principally be senior and super-senior tranches of residential mortgage debt backed securities in the

first lien mortgage Alternative-A (“Alt-A”) sector. Alt-A is one of three general classifications of mortgages along with “prime” and “subprime.” The risk of Alt-A mortgages falls between prime and subprime. Alt-A loans are not prime loans (those that are within the guidelines for purchase by the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Mortgage Corporation (“Freddie Mac”)) usually because of one or more of the following factors: the credit risk of the borrower (i.e., lower credit score), reduced borrower income and asset documentation, higher debt to income ratios, higher loan to value ratios and exceeding the size limits for purchase under their respective Charters.

*Kingsbridge KNG, LLC*

The investment strategy of Kingsbridge KNG, LLC is to invest in private market, fixed-income oriented investments. This includes investments providing current income, contractual cash flows, and strong downside protection. The SPV manager will implement the SPV’s investment objectives by investing in income-producing and credit-oriented investments in private credit cash flows. The strategy is based on the thesis that better risk-adjusted returns and less volatility can be found in the private credit markets, as compared to public bond and fixed income markets.

*Private Fund – Risk of Loss*

*Diversification.* Since the Fund’s portfolio will not necessarily be widely diversified, the investment portfolio of the Fund may be subject to more rapid changes in value than would be the case if the Fund were required to maintain a wide diversification among companies, securities and types of securities. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the Fund’s investments. In addition, the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

*Investment Judgment; Market Risk.* The profitability of a significant portion of the Fund’s investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that KWM, the SPV managers or the managers of other Investment Vehicles will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk. Changing market and economic conditions may lead to investor losses.

*Reliance on Third Party Research.* KWM, the SPV managers and managers of other Investment Vehicles may rely on research provided by unaffiliated third parties. The managers cannot and do not independently verify the accuracy of or the assumptions or calculations underlying any research provided by third parties.

*Compensation of Managers.* Managers of the SPVs and other Investment Vehicles may receive compensation based on the performance of their investments. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis which includes unrealized appreciation of the portfolio’s assets, such performance-based compensation may be greater than if such compensation were based solely on

realized gains. Managers of the SPVs and Investment Vehicles generally receive incentive compensation from the SPV or Investment Vehicle, as applicable, based on the performance of their portfolios. Therefore, it is possible that certain such managers may receive incentive compensation, even though the Fund, as a whole, does not have net capital appreciation.

Furthermore, KWM's compensation arrangements with the Fund may create an incentive for the KWM to select managers that pursue strategies that are particularly risky or speculative.

*Duplication of Expenses.* Each underlying SPV and Investment Vehicle in which the Fund invests incurs organizational, tax, legal, accounting, investment, brokerage, custodial, interest and other expenses. In addition to bearing its share of the expenses of each underlying SPV and Investment Vehicle, the Fund incurs its own organizational, tax, legal, accounting, investment, brokerage, custodial, interest and other expenses. These underlying SPV and Investment Vehicle expenses may result in higher costs of investment than would be the case if a limited partner of the Fund was to invest directly in the underlying SPVs or Investment Vehicles.

*Use of Multiple Managers is No Assurance of Success.* No assurance is given that the collective performance of the SPV managers and the managers of other Investment Vehicles will result in profitable returns for the Fund as a whole under all or any conditions. The possibility exists that good performance achieved by one or more managers may be neutralized by poor performance experienced by other managers or by the Fund's performance in individual securities or investments.

*Portfolio Turnover.* The SPVs and other Investment Vehicles are not restricted in effecting transactions by any specific limitations with regard to its portfolio turnover rate. The investment policies of the SPVs and other Investment Vehicles might result in substantial portfolio turnover. Investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and fees, which will be borne directly by the SPV or Investment Vehicle.

*Illiquidity.* The investments made by the SPVs and other Investment Vehicles may be very illiquid, and consequently the SPVs and Investment Vehicles may not be able to sell such investments at prices that reflect the manager'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 the SPV or Investment Vehicle and other factors. Furthermore, the nature of the SPVs' or Investment Vehicle's investments may require a long holding period prior to profitability.

*Derivatives.* Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure

than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose an SPV or other Investment Vehicle to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom an SPV or Investment Vehicle contracts for the purpose of making derivative investments (the "Counterparty"). In the event of the Counterparty's default, the SPV or Investment Vehicle will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

*Leverage.* Subject to applicable margin and other limitations, the Fund, the SPVs and other Investment Vehicles may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the borrowing entity and will affect the operating results of the Fund. Also, the SPVs and Investment Vehicles could potentially create leverage via the use of instruments such as options and other derivative instruments.

*Interest Rate Fluctuations.* The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the SPV or Investment Vehicle of borrowed securities and leveraged investments

#### *Strategy-Specific Investment Risks*

##### *Kingsbridge RMBS, LP*

*Real Estate Risks.* The securities in which the SPV invests will be subject to the risks inherent in the ownership and operation of commercial real estate, including risks associated with both the domestic and international general economic climate, local real estate conditions, changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building), energy and supply shortages, various uninsured or uninsurable risks, natural disasters, the ability of the company to manage its real property efficiently, government regulations (such as rent control) and interest rates. Many real estate issuers, including Real Estate Investment Trusts ("REITs"), utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect an issuer's operations and market value in periods of rising interest rates. In addition, REITs are subject to highly technical and complex provisions of the Internal Revenue Code of 1986, as amended. There is a possibility that a REIT may fail to qualify for conduit income tax treatment under the Code or may fail to maintain exemption from registration under the Investment Company Act of 1940, as amended, either of which could adversely affect its operations.

Although the SPV manager expects the SPV not to acquire any real property directly, the SPV manager could cause the SPV to do so, or the SPV could acquire real property as a result of a property-related asset, such as upon foreclosure of a mortgage loan held by the SPV. With respect to any such real property owned by the SPV, the SPV will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any

improvements thereon, and ultimately disposing of such property.

*Subordination of Investments.* The SPV may invest in securities or mortgage notes that are subordinated in priority of payment to interest and/or principal to other classes of securities or notes backed by the same issuer or property. Through transaction documents these investments will be contractually subordinated to the senior obligations of the issuer or property. Greater credit risks are usually attached to these subordinated investments than the most senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the borrowers' financial condition and/or in general economic conditions may impair the ability of the borrowers to make payments on the subordinated securities and cause it to default more quickly with respect to such securities than with respect to the borrower's senior obligations. In many cases, the SPV's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of the senior lenders and contractual inter-creditor provisions.

*Mortgage-Backed Securities.* All credit securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

#### *Kingsbridge KNG, LLC*

*Asset-Backed Securities.* Asset-backed securities are securities backed by assets other than mortgages or other mortgage-related assets. Credit card receivables, automobile and recreational vehicle loans, student loans, equipment leases, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, royalty streams and various types of accounts receivable commonly support asset-backed securities. The collateral supporting asset-backed securities is usually of shorter maturity than mortgage loans.

*Whole Loans.* The SPV may directly invest in whole loans. Whole loans are generally subject to the same risks relating to the underlying collateral of RMBS. However, the holders of whole loans are exposed to such risks directly as whole loans do not benefit from certain advantages which may be present as a result of the securitization process, including risk allocation, credit support, rating agency scrutiny, and standards for loan servicing and custody. Further, whole loans will likely be harder to dispose of than securities.

*Lending Risks.* The SPV may purchase assignments and participations in syndicated leveraged loans. Such activities entail the following risks:

- *General Credit Risks.* The SPV may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the SPV may invest in subordinate or

second priority liens). There is no assurance that the SPV will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action.

- *Lower Credit Quality Loans.* There are no restrictions on the credit quality of the SPV's loans. Loans invested in by the SPV may be deemed to have substantial vulnerability to default in payment of interest and/or principal.
- *Equitable Subordination.* Lenders to companies operating in workout modes or under Chapter 11 of the Bankruptcy Code are, in certain circumstances, subject to certain potential liabilities.
- *Fraud.* Of paramount concern in purchasing loans is the possibility of material misrepresentation or omission on the part of borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the SPV to perfect or effectuate a lien on the collateral securing the loan.

*Loan Participations and Assignments.* The SPV may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest-rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, the SPV assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the SPV invests may not be rated by any nationally recognized rating service.

*Bankruptcy Claims.* The SPV may invest in bankruptcy claims which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the Securities and Exchange Commission of the United States. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

*Trade Receivables.* Commercial or trade receivables are originated by companies in the course of selling their products; receivables are generated from the sale of goods or services to another company. Receivables enable a company to finance its sales to customers who otherwise may find it difficult or expensive to obtain credit. Receivables are typically short term and non-interest bearing; when offered for sale, they are priced at a discount to the investor. Risks of an investment in receivables include obligor default risk, dilution risk, commingling, and servicing problems.

*Bridge Financing Risks.* From time to time, the SPV may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more

permanent, long-term security; however, for reasons that may not be in the SPV's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the SPV.

*Mezzanine Loans and Preferred Equity Risks.* The SPV may make mezzanine loans or preferred equity investments. Mezzanine loans and preferred equity investments typically are unsecured and subordinated to other debt obligations of the borrower and therefore have more risk of loss than senior debt. Mezzanine loans and preferred equity investments may increase the SPV's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the borrower or other obligor on the mezzanine loan or preferred equity investment. Conversely, mezzanine loans and preferred equity investments are often less risky than equity investments because the claims of mezzanine lenders and preferred equity holders are typically senior to those of equity holders in a company. In the event that any borrower or other obligor on a mezzanine loan or preferred equity investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the SPV's investment in such mezzanine loan or preferred equity investment could be significantly reduced or even eliminated. In addition, changes in the interest rates may adversely affect the value of a mezzanine loan or preferred equity investment.

#### Financial Planning and Consulting Services

Financial planning services involve preparing a financial plan or rendering a financial consultation for a client based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning and business planning.

#### *Risk of Loss*

There is a risk that financial planning will not result in achieving a client's goals. Investing in securities involves a significant risk of loss. KWM's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as KWM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's prospective client's evaluation of KWM or the integrity of its management. KWM does not have any such legal or disciplinary events in its history and therefore has no information to disclose with respect to this Item.

### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

KWM serves as adviser to an affiliated private fund, Kingsbridge PWM Partners Fund, LP.

In addition, KWM is affiliated with Kingsbridge PWM Partners, LLC, which serves as the general

partner of the Fund. The performance allocation paid to the general partner (an affiliate of KWM) may create an incentive for KWM to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation. KWM addresses this potential conflict of interest by fully disclosing the relationship among the general partner, KWM and the Fund in the Fund's Offering Memorandum. Although David Dunn's control of the investment adviser and the general partner may give him heightened control and discretion over the Fund, he manages any potential conflicts of interest by strictly adhering to the investment strategy discussed in the Fund's Offering Memorandum.

The general partner of the Fund entered into the investment management arrangement with KWM on behalf of the Fund. While this may be an interested party agreement, the material terms of the investment management arrangement are fully disclosed to all investors in the Fund prior to their investment.

KWM is the sole member of Kingsbridge Insurance Services LLC, a Nevada resident insurance producer firm. As its sole owner, KWM receives all income from the insurance company and may recommend clients purchase an insurance policy from its subsidiary rather than an unaffiliated third-party insurance provider due to its interest in such income, rather than the clients' best interests. In order to avoid any conflict of interest, KWM fully-discloses this relationship prior to recommending Kingsbridge Insurance Services LLC to any client.

KWM allocates Fund assets to the SPVs, which are managed by unaffiliated third party investment advisers. Additionally, KWM may recommend unaffiliated investment managers to its separately managed account clients. However, KWM does not receive compensation from these other advisers nor does KWM have other business relationships with such advisers that would create a conflict of interest.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description of Code of Ethics**

The Investment Advisers Act of 1940, as amended (the "Advisers Act"), imposes a fiduciary duty on all investment advisers to act in the best interest of their clients. Because KWM's investment professionals and associated persons may transact in the same securities for their personal accounts as they may buy or sell for client accounts (as described below), it is important to mitigate potential conflicts of interest. Accordingly, KWM has adopted a Code of Ethics ("Code") in compliance with Rule 204A-1 under the Advisers Act. The Code establishes standards of conduct for KWM's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, conflicts of interest and confidentiality of client information. It is the expressed policy of KWM that persons employed by KWM must at all times comply with the following principles: (1) The Clients Come First (all persons shall scrupulously avoid serving their personal interests ahead of the Clients of KWM); (2) Avoid Taking Advantage (persons may not use their knowledge of open, executed, or pending portfolio transactions to profit by the market effect of such transactions); and (3) Comply With the Code of Ethics (doubtful situations should be resolved in favor of the Client).

The Code requires that certain of KWM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-clearance prior to investing in initial public offerings or limited offerings.

The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year. Clients may receive a copy of KWM's Code of Ethics by contacting the Chief Compliance Officer at (702) 947-5160.

## **B. Participation or Interest in Client Transactions**

An affiliate of KWM acts as general partner of the Fund and KWM may solicit managed account clients to invest a portion of their portfolio in the Fund. Clients that invest in the Fund will not be charged an advisory fee on any assets invested in the Fund in addition to the management fee and performance allocation charged in connection with investment in the Fund.

## **C. Personal Trading**

It is KWM's policy that Access Persons will not trade in the same securities that it also recommends to clients. In the event a trade is requested by an Access Person, the only exception to this rule is on occasion an Access Person or the Firm may be allowed to participate in a block trade where all trades are executed with the same average price to ensure the Access Person and Firm do not receive a better price on the transaction or index replication.

# **ITEM 12: BROKERAGE PRACTICES**

## **A. Factors in Selecting or Recommending Broker-Dealers**

For separately managed accounts, KWM may recommend that clients establish brokerage accounts with the Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), a SEC registered broker-dealer, member FINRA/SIPC, to maintain custody of clients' assets and to effect trades for their accounts. KWM is independently owned and operated, and not affiliated with Schwab. The final decision to custody assets with Schwab is at the discretion of the client. Schwab provides KWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

KWM participates in the Schwab Advisor Service program offered to independent investment advisers by Schwab. For KWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through

commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to KWM other products and services that benefit KWM but may not benefit all client accounts. These benefits may include national, regional or KWM specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of KWM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist KWM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of KWM's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of KWM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to KWM other services intended to help KWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to KWM by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to KWM. While, as a fiduciary, KWM endeavors to act in its clients' best interests, KWM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to KWM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

It is the policy and practice of KWM to strive for the best price and execution that is competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, KWM will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution. Although KWM will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and KWM does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while KWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. KWM is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars") provided by the broker which are included in the commission rate.

To ensure that brokerage firms recommended by KWM are conducting overall best qualitative execution, KWM periodically (and no less often than annually) evaluates the trading process and

brokers utilized. KWM's considers the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

#### Research and Other Soft Dollar Benefits

KWM's general policy is to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") when entering into soft dollar arrangements. Section 28(e) recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to KWM in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for KWM's clients or to assist in effecting those transactions.

KWM may receive products and services other than execution (*i.e.*, "soft dollars") from broker-dealers. These include software and other technology (and related technological training) that provide research, pricing information and other market data. Many of these services generally may be used to service all or some substantial number of KWM's accounts, including accounts not maintained at the broker providing such services. While, as a fiduciary, KWM endeavors to act in its clients' best interests, KWM's recommendation/requirement that clients maintain their assets in accounts at a particular broker may be based in part on the benefit to KWM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by a broker, which may create a potential conflict of interest.

Research and other products and services purchased with soft dollars will generally be used to service all of KWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker-dealer providing the services.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with software, data bases and other technical and telecommunication services utilized in the investment management process. Research received by KWM under such soft dollar arrangements may include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

There may be cases when KWM may receive both non-research (e.g. administrative or accounting services etc.) and research benefits from the services provided by broker-dealers. If and when this

happens, KWM will make a good faith allocation between the non-research and research portion of the services received, and will pay “hard dollars” (*i.e.*, KWM will pay from their own monies) for the non-research portion. In making a good faith allocation between research services and non-research services, a conflict of interest may exist by reason of KWM’s allocation of the costs of such services and benefits between those that primarily benefit KWM and those that primarily benefit clients. KWM strives to always put the clients’ interests first.

Using client transactions to obtain research and other benefits creates incentives that theoretically could result in conflicts of interest between advisers and their clients. When KWM uses “soft dollars” to obtain research products and services, it receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits creates the potential incentive for KWM to select one broker-dealer rather than another to perform services for clients, based on KWM’s interest in receiving the products and services instead of on its clients’ interest in receiving the best execution prices. Obtaining these benefits may cause clients to pay higher fees than those charged by other broker-dealers who do not provide such benefits.

#### Brokerage for Client Referrals

KWM does not consider client referrals in selecting broker-dealers.

#### Directed Brokerage

While KWM generally recommends that clients establish brokerage accounts with a particular broker to maintain custody of clients’ assets and to effect trades for their accounts, the final decision is at the discretion of the clients. If a client chooses to direct brokerage, KWM may be unable to achieve the most favorable execution of client transactions and this practice may cost the client more money.

### **B. Trade Aggregation and Allocation**

Transactions for each client will be effected independently, unless KWM decides to purchase or sell the same securities for several clients at approximately the same time. KWM performs investment management services for various clients, some of which may have similar investment objectives. KWM may aggregate sale and purchase orders with other client accounts and proprietary (employee) accounts that have similar orders being made at the same time, if in KWM’s judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices and lower trade execution costs. KWM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among KWM’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, KWM may allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of

the security.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Review of Accounts**

All accounts are reviewed at least quarterly by the Portfolio Manager assigned to the client's account. The review is conducted to ensure that the mandates outlined in the Investor Profile are followed. Furthermore, accounts will be reviewed in the following circumstances:

- When KWM'S investment strategy changes;
- When a client's investment objectives or risk tolerance changes; and/or
- When there is a significant cash flow into or out of an account.

### **Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify KWM and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### **B. Reports to Clients**

KWM provides separately managed account clients with monthly reports, which provide account performance information and quarterly reports that detail the deduction of the advisory fee. The custodian sends written monthly statements showing values of all securities held in the account over the covered period and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to compare the statements received from KWM to those received from the account custodian.

The Fund also furnishes Fund investors monthly reports reviewing the Fund's performance for such month.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits Received**

As stated in Item 12, we may allocate portfolio transactions to broker or dealers who provide research and/or related services. For a more detailed discussion of such practices refer to Item 12.

KWM (previously Kingsbridge Companies) obtained a \$400,000 loan from one of its family office clients, at the inception of its business, whereby the parties agreed to a fully amortized 72-month promissory note, with a 5% interest rate, payable by 10/01/2018, with no pre-payment penalty. This presents a conflict of interest that clients should be aware of. It is KWM's intent not to enter into any similar arrangements with its clientele in the years to come.

## **B. Compensation for Client Referrals**

Neither KWM nor any of its related persons have any arrangement where it directly or indirectly compensates any person for client referrals.

## **ITEM 15: CUSTODY**

### Separately Managed Accounts

Under the Advisers Act Rule 206(4)-2 (the “Custody Rule”), KWM is deemed to have custody of client funds or securities by reason of the fact that KWM has authority to debit its fees directly from the client’s account and due to their bill pay service. KWM does not physically possess client funds or securities. Custody of client assets will be maintained with an independent qualified custodian, except for certain privately offered securities (such as interests in a limited partnership or other pooled investment vehicle subject to annual audit), in which case ownership thereof is recorded only on the books of the issuer. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Having custody presents a conflict which KWM has addressed by having an outside surprise audit along with filing the requisite forms with the SEC, having an independent custodian and limiting access to the check books.

The custodian sends written monthly statements showing values of all securities held in each client’s account over the covered period and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to compare the statements received from KWM to those received from the account custodian.

### Private Fund Management

While it is KWM’s practice not to accept or maintain physical possession of any client assets, KWM is deemed to have custody of the Fund’s assets under the Custody Rule because it has the authority to deduct its fees from the Fund’s account.

In order to comply with the Custody Rule, KWM utilizes the services of a bank or qualified custodian to hold all of the Funds’ assets. In accordance with the Custody Rule, KWM also (1) engages an outside auditor to audit the Fund at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all investors in the Fund within 120 days after the end of the fiscal year.

All clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains client’s assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by KWM. KWM’s statements may vary from custodial statements due to accounting procedures, reporting dates, or valuation methodologies

of certain securities.

## **ITEM 16: INVESTMENT DISCRETION**

KWM may only implement its investment management recommendations after the client has arranged for and furnished KWM with all information and authorization regarding accounts with appropriate financial institutions to act as custodian.

Generally, all asset management services are performed on discretionary basis. In exercising its discretionary authority, KWM will normally determine: (1) the type of securities to be bought and sold, (2) the dollar amounts of the securities to be bought and sold, (3) whether a client's transaction should be combined with those of other clients and traded as a "block," and (4) the negotiated commission rates and/or transactions costs paid to effect the transactions, without first obtaining client's permission for each transaction. Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, KWM's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Managed account clients are permitted to impose reasonable limitations on KWM's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to KWM in writing.

By signing KWM's Investment Management Agreement, clients (both separately managed account clients and the Fund) authorize KWM to exercise full discretionary authority with respect to all investment transactions involving the client's account. The Investment Management Agreement grants KWM full discretion and sole authority to invest and reinvest all assets of the client's account in those securities, cash and/or other financial instruments in accordance with the client's stated investment guidelines and objectives and in accordance with KWM's investment strategy utilized for the account. Pursuant to such agreement, KWM is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes KWM to enter into agreements and execute any documents required to effect transactions in the client's account and to give instructions to third parties in furtherance of such authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

At the inception of a client relationship, the client may choose to receive and vote its own proxies. However, if a client delegates the authority to vote proxies to KWM, the client may not thereafter direct KWM's vote in a particular solicitation.

KWM subscribes to the services of Broadridge Investor Communication Solutions, Inc. ("Broadridge"), an unaffiliated third party proxy vendor to vote proxies on behalf of its client accounts. Broadridge assists KWM with executing proxies issued by any and all corporate issuers with respect to any and all of the securities of any corporate issuer beneficially owned by clients of KWM.

In the event KWM provides investment advisory services for plans governed by ERISA, we will direct Broadridge to vote proxies in accordance with their guidelines unless outlined otherwise in

the plan's governing documents and subject to the fiduciary responsibility standards of ERISA. If KWM becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, they will promptly report such conflict to the Chief Compliance Officer and President. Conflicts will be handled in a number of ways depending on the type and materiality. The method selected by us will depend upon the facts and circumstances of each situation and the requirements of applicable laws and will always be handled in the client(s) best interest.

A complete copy of KWM's current Proxy Voting Policies & Procedures is available upon request. Clients may obtain information on how their proxies were voted by contacting us at the principal office and place of business indicated on the cover page of this form. Clients should include in their request, their name, and the account and security for which they are making the request.

#### **ITEM 18: FINANCIAL INFORMATION**

KWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. KWM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.