

# Form ADV

February 3, 2015

## Part 2A

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### Centre Asset Management, LLC

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This brochure ("Brochure") provides information about the qualifications and business practices of Centre Asset Management, LLC ("Centre"). You should review this Brochure in conjunction with our separate brochure supplement ("Supplement"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 212-918-4707 or jabate@centreasset.com. Additional information about Centre or any of our supervised persons (who are registered under our firm) is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. Centre's response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to Centre.

## **II. Material Changes**

Filing date of last annual ADV update: 02/03/2015

Since the filing of our most recent annual ADV update, there have been no material changes between the information previously reflected in our former Form ADV and this Brochure.

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## Key Definitions

There are several terms used throughout this Brochure that are defined in the Glossary of the Form ADV. The full Form ADV and its glossary can be found on the SEC's web site at <http://www.sec.gov/about/forms/formadv.pdf>, however, several of the more important terms that are used throughout this Brochure are provided below for your reference. The definitions appear below as they appear in the glossary of the ADV so be mindful that all references made to "you," "your," or "yours" are intended to refer to Centre. Each term is presented in alphabetical order, not necessarily its order of appearance or use in this Brochure.

**Advisory Affiliate:** Your advisory affiliates are (1) all of your officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by you; and (3) all of your current employees (other than employees performing only clerical, administrative, support or similar functions).

**Control:** Control means the power, directly or indirectly, to direct the management or policies of a person, whether through ownership of securities, by contract, or otherwise. Each of your firm's officers, partners, or directors exercising executive responsibility (or persons having similar status or functions) is presumed to control your firm. A person is presumed to control a corporation if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the corporation's voting securities; or (ii) has the power to sell or direct the sale of 25 percent or more of a class of the corporation's voting securities. A person is presumed to control a partnership if the person has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the partnership. A person is presumed to control a limited liability company ("LLC") if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the interests of the LLC; (ii) has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the LLC; or (iii) is an elected manager of the LLC. A person is presumed to control a trust if the person is a trustee or managing agent of the trust.

**Management Persons:** Anyone with the power to exercise, directly or indirectly, a controlling influence over your firm's management or policies, or to determine the general investment advice given to the clients of your firm. Generally, all of the following are management persons: Your firm's principal executive officers, such as your chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; your directors, general partners, or trustees; and other individuals with similar status or performing similar functions; The members of your firm's investment committee or group that determines general investment advice to be given to clients; and If your firm does not have an investment committee or group, the individuals who determine general investment advice provided to clients (if there are more than five people, you may limit your firm's response to their supervisors).

**Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

**Related Person:** Any advisory affiliate and any person that is under common control with your firm.

**Self-Regulatory Organization or SRO:** Any national securities or commodities exchange, registered securities association, or registered clearing agency. For example, the Chicago Board of Trade ("CBOT"), FINRA and New York Stock Exchange ("NYSE") are self-regulatory organizations.

**Supervised Person:** Any of your officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on your behalf and is subject to your supervision or control.

## IV. Advisory Business

### Item IV.(A). Centre at a Glance

#### Firm Profile

Centre Asset Management, LLC began operating in 2006 on the principle that a merging of fundamental stock selection and quantitative portfolio construction provides the best opportunity for investor success in scalable, consistent portfolio management. In 2008, the firm refocused its principal development away from hedge to differentiated long-only strategies. In 2010, the firm entered into a strategic partnership with Sanlam International Investments resulting in Sanlam making an equity investment into the firm.

Centre is designed to combine the benefits of a boutique, entrepreneurial investment culture with the associated economies of scale from the distribution and operational support from its large Group investor and other strategic partners around the world. The firm is a fundamentally-driven specialist active asset manager, focused on American and Global equities as well as Fixed Income and Real Return products in fund advisory and sub-advisory mandates in institutional and investor share classes accessible in multiple jurisdictions and currencies.

Centre Asset Management offers investors true active management across a target range of strategies that includes: American Select Equity, Global Select Equity, Active Fixed Income, and Multi-Asset Real Return.

Management is a substantial stakeholder in the business together with Sanlam International Investments, a division of Sanlam Group, a leading listed South African based international financial services firm. The shareholding structure allows for a dynamic and entrepreneurial environment where Centre focuses on funds management according to the Centre philosophy while Sanlam contributes to strategic, distribution, operational and governance related aspects.

#### Years in Business

Date of formation: December 21, 2005.

Date of initial investment adviser registration: March 6, 2006.

#### Principal Owners

The following party(s) maintains at least 25% direct/indirect ownership in Centre.

Owning Party	Entity Owned
James A. Abate	Centre Asset Management, LLC
Sanlam International Investments USA Holdings, Inc.	Centre Asset Management, LLC
Sanlam Netherlands Holdings BV	Sanlam International Investments USA Holdings, Inc.
Sanlam Limited	Sanlam Netherlands Holdings BV
Sanlam Limited is a public listed company on the JSE Limited (Johannesburg Stock Exchange), ticker "SLM," and dual listed on the Namibian Stock Exchange.	

### IV.(B). Centre's Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services.

#### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments.

<input checked="" type="checkbox"/>	Exchange listed equities	<input checked="" type="checkbox"/>	Mutual funds (closed-end and open-end funds)
<input checked="" type="checkbox"/>	Over the counter equities	<input checked="" type="checkbox"/>	Real Estate Investment Trusts ("REITs")
<input checked="" type="checkbox"/>	Equities of foreign issuers	<input checked="" type="checkbox"/>	Exchange traded funds
<input type="checkbox"/>	Interests in privately offered securities (hedge funds, venture capital funds, private equity funds, etc.) involving any of the following: <ul style="list-style-type: none"> <li>Real estate</li> <li>Oil and gas</li> <li>Mortgages or other receivables/assets</li> <li>Other:</li> </ul>	<input checked="" type="checkbox"/>	U.S. government securities
<input type="checkbox"/>	Warrants	<input checked="" type="checkbox"/>	Options on securities
<input type="checkbox"/>	Corporate debt securities (other than commercial paper)	<input checked="" type="checkbox"/>	Options on commodities
<input type="checkbox"/>	Commercial paper	<input checked="" type="checkbox"/>	Options on futures
<input type="checkbox"/>	Certificates of deposit	<input type="checkbox"/>	Futures contracts (tangibles)
<input checked="" type="checkbox"/>	Municipal securities	<input checked="" type="checkbox"/>	Futures contracts (intangibles)
<input type="checkbox"/>	Variable life insurance	<input type="checkbox"/>	Other:
<input type="checkbox"/>	Variable annuities	<input type="checkbox"/>	Other:

## Specialized Services

Centre Asset Management is a Wall Street based SEC registered investment adviser and fundamentally-driven specialist active asset manager. Centre manages differentiated products in fund advisory and sub-advisory mandates in institutional and investor share classes accessible in multiple jurisdictions and currencies. Centre Asset Management offers investors true active management across a target range of strategies that includes: American Select Equity, Global Select Equity, Active Fixed Income, and Multi-Asset Real Return.

Within our Equity strategies, our approach to fundamental stock selection is rooted in our differentiated Economic Value Added (EVA) based investment analysis which is the competitive edge that yields a more accurate picture of intrinsic value; what we call "Investment Research through a Different Prism". Our experience within a disciplined framework focuses on the fundamentals of wealth creation/wealth destruction akin to the way a traditional, long-term focused corporate financier looking at all aspects of the business (operating condition, risk profile and valuation) would assess it. Many of the analytical foundations in our investment approach have been articulated in books and papers written or contributed to by Centre's founder, James Abate, some of which were adopted by the CFA Institute® candidate study programs.

In the shorter-term, market excursions from reality of corporate managements' ability to create or destroy wealth during a company's profit cycle provide investable opportunities. Our approach intends to capture excess returns once the stock mispricing converges with the company's true intrinsic value over time.

Within our Active Fixed Income strategy, we strive to achieve our investment objective using a proprietary fundamentally-driven interest rate forecasting process. The strategy will invest in U.S. Treasury securities across the maturity spectrum to include Treasury bills, notes, bonds and Treasury Inflation Protected Securities ("TIPS"). The total return will be driven primarily by the price appreciation of the U.S. Treasury securities and secondarily by their income generation ability. By potentially improving wealth accumulation through active interest rate duration management, the strategy helps investors address their longevity risk, which is the risk that the investor will outlive his accumulated wealth without taking on the equity market volatility or credit risks associated with non-Treasury securities.

Our Active Fixed Income strategy discipline is intended to preserve capital in periods of significant rate increases by moving to shorter duration Treasury maturities or cash equivalents with the flexibility to extend duration or re-enter the market when our discipline suggests lower rates are likely. What is relevant to the potential success of our



discipline is whether interest rates continue to exhibit cyclical volatility--that the business cycle is not dead. Continued cyclical behavior will provide a basis for success even if the longer term equilibrium level of the economy's real rate--due to a reduced real growth potential—is lower.

Our Multi-Asset Real Return strategy is designed to meet investor concerns of future inflationary conditions and increased market volatility with the goal of producing real returns as measured against inflation. The aim is to maintain the purchasing power of today's dollar in nominal terms plus a real return on capital and is intended to be relatively well positioned to withstand market shocks. The Consumer Price Index (CPI) estimates the average change in prices for a basket of goods and services and serves as the baseline hurdle for real returns. The strategy is an actively managed product that strives to help preserve and enhance purchasing power over a variety of investment environments using a fundamental tactical asset allocation strategy employing multiple asset classes with positive correlation with inflation. Under normal market conditions, the strategy will allocate its net assets among the broad asset classes, namely U.S. and Non-U.S. Equities, Fixed Income, Commodity-Linked ETNs and ETFs, REITs and ETNs and ETFs with returns linked to REIT Indexes, and Cash & Equivalents in an effort to maximize risk-adjusted returns. Under volatile market conditions, the Fund may adopt the posture of capital preservation with a significant tactical allocation to cash equivalents.

## Our Services

Service:	<b><i>Management Services for Registered and Unregistered Investment Companies</i></b>
Service description:	<p>We may provide ongoing asset management services to various types of pooled investment vehicles and separately managed accounts (“SMAs”) for institutional and retail clients. The types of pooled investment vehicles to whom we may provide our ongoing asset management services may include either domestic (i.e., U.S.) or foreign (i.e., non-U.S.) investment companies (i.e., public mutual funds) that are registered with the SEC under the Investment Company Act of 1940 (i.e., “’40 Act Funds”) or other non-U.S. investment companies that are exempt from registration under the Investment Company Act of 1940 as well as the Securities Act of 1933 (“Unregistered Funds”). Collectively, these types of clients shall be referred to as “Funds,” or individually, “Fund” for the purpose of this Brochure.</p> <p>In relation to the services mentioned above, we may serve either as the Principal Adviser or a Sub-Adviser to the Funds.</p> <p><b><u>Serving as Principal Adviser</u></b></p> <p>As Principal Adviser, we will manage (on a discretionary basis) the assets of the Funds and SMAs in accordance with the overall investment objectives and risk profile of each such Fund or SMA client guidelines and restrictions. Different strategies may be carried out for each Fund or SMA and therefore, there should be no expectation that the performance of any individual Fund or SMA would or should be similar to that of any other Fund or SMA.</p> <p>As the Principal Adviser, we may also select one or more other investment managers as a sub-adviser (“Sub-Adviser”) to manage the Fund’s portfolio (or only a portion of it) on a sub-advisory basis. In this regard, we are responsible for identifying, selecting and engaging the Fund’s Sub-Advisers, and monitoring the performance of such Sub-Advisers. In the case of any ’40 Act Funds, all such changes/actions that impact such Sub-advisers may be subject to the approval of each Fund’s Board of Directors, or other similar governing group/body, and the shareholders of such fund.</p> <p>As part of our asset management services and as Principal Adviser, we may handle a portion of the administrative functions related to the Funds or SMA we manage. Among other things, included in those administrative functions are the coordination of investor subscriptions or withdrawals in to the Funds; overall investor relations; accounting; coordination of annual financial audits (as applicable) for the Funds; and investor reporting. Unless agreed to separately, our asset management services do not involve the provision of specific investment advisory services to individuals (in general) or individual investors in the Funds but rather focuses on institutional clients.</p> <p><b><u>Serving as Sub-Adviser</u></b></p> <p>As Sub-Adviser, we will manage (on a discretionary basis) the assets of the Funds in accordance with the overall investment objectives and risk profile of each such Fund as set forth by the Fund’s principal adviser and/or board of directors (as applicable). Different strategies may be carried out for each Fund and therefore, there should be no expectation that the performance of any individual Fund would or should be similar to that of any other Fund. In addition to this type of service, we may provide non-discretionary advisory services and provide investment recommendations for SMA concerning the purchase or sale of securities and other investment assets in the form of model portfolio(s), and shall make such investment recommendations to other investment advisers in conformity with the investment objective, policies and</p>

	<p>restrictions of the SMA as disclosed to us as the Sub-Adviser. We as the Sub-Adviser in this capacity are not authorized to place orders and issue instructions to effect portfolio transactions for the SMA and assets within such SMA shall be deemed to be non-discretionary assets under management.</p>																																								
Use of discretion:	<p>We may exercise full discretion as to the following elements.</p> <p> <input checked="" type="checkbox"/> Securities to be bought or sold  <input checked="" type="checkbox"/> Amount of the securities to be bought or sold  <input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold  <input checked="" type="checkbox"/> Broker-dealer and/or custodian to be used  <input checked="" type="checkbox"/> Commission rates to be paid for securities brokerage activities         </p> <p>Our specific discretionary authority will be set forth in the Fund's or SMA's Investment Management Agreement ("Agreement") with us.</p>																																								
Service fees:	<p>For the service described in this section, we will charge fees in the following manner:</p> <p><i>Asset-Based Fees</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <th colspan="2">Asset-Based Fee Schedule – American Select Equity</th></tr> <tr> <th style="width: 60%;">Account(s)/Portfolio Value</th><th style="width: 40%;">Annual Percentage</th></tr> <tr> <td>Flat fee</td><td>0.75%</td></tr> <tr> <td colspan="2">Other fee/account maintenance conditions...</td></tr> <tr> <td>Minimum account/portfolio balance (initial):</td><td> <input type="checkbox"/> None  <input checked="" type="checkbox"/> \$50 million         </td></tr> <tr> <td>Minimum account/portfolio balance (ongoing):</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td></tr> <tr> <td>Minimum annual fee:</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <th colspan="2">Asset-Based Fee Schedule – Global Select Equity</th></tr> <tr> <th style="width: 60%;">Account(s)/Portfolio Value</th><th style="width: 40%;">Annual Percentage</th></tr> <tr> <td>Flat fee</td><td>1.00%</td></tr> <tr> <td colspan="2">Other fee/account maintenance conditions...</td></tr> <tr> <td>Minimum account/portfolio balance (initial):</td><td> <input type="checkbox"/> None  <input checked="" type="checkbox"/> \$50 million         </td></tr> <tr> <td>Minimum account/portfolio balance (ongoing):</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td></tr> <tr> <td>Minimum annual fee:</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">Asset-Based Fee Schedule – Multi-Asset Real Return</th></tr> <tr> <th style="width: 60%;">Account(s)/Portfolio Value</th><th style="width: 40%;">Annual Percentage</th></tr> <tr> <td>Flat fee</td><td>0.55%</td></tr> <tr> <td colspan="2">Other fee/account maintenance conditions...</td></tr> <tr> <td>Minimum account/portfolio balance (initial):</td><td> <input type="checkbox"/> None  <input checked="" type="checkbox"/> \$50 million         </td></tr> <tr> <td>Minimum account/portfolio balance (ongoing):</td><td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td></tr> </table>	Asset-Based Fee Schedule – American Select Equity		Account(s)/Portfolio Value	Annual Percentage	Flat fee	0.75%	Other fee/account maintenance conditions...		Minimum account/portfolio balance (initial):	<input type="checkbox"/> None <input checked="" type="checkbox"/> \$50 million	Minimum account/portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Minimum annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Asset-Based Fee Schedule – Global Select Equity		Account(s)/Portfolio Value	Annual Percentage	Flat fee	1.00%	Other fee/account maintenance conditions...		Minimum account/portfolio balance (initial):	<input type="checkbox"/> None <input checked="" type="checkbox"/> \$50 million	Minimum account/portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Minimum annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Asset-Based Fee Schedule – Multi-Asset Real Return		Account(s)/Portfolio Value	Annual Percentage	Flat fee	0.55%	Other fee/account maintenance conditions...		Minimum account/portfolio balance (initial):	<input type="checkbox"/> None <input checked="" type="checkbox"/> \$50 million	Minimum account/portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$
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	<p>The fees and account minimums above represent those charged as the Principal Adviser and may be altered and are negotiable for SMA and Sub-Advisory clients.</p> <p><i>Performance-Based Fees</i></p> <p>Centre may charge or receive a performance-based fee from any investment company or pooled investment vehicle that is not a Registered Fund, to which it serves as Principal Adviser or Sub-Adviser, respectively. The fee, if applicable, will be charged annually in arrears and will be calculated according to the client specific Investment Management Agreement.</p> <p>None of the investment companies registered under the Investment Company Act of 1940 in which Centre serves as the Sub-Adviser will incur any performance-based fees.</p> <p>Specific fee arrangements that may differ from those above will be set forth in the client's Agreement with us.</p>														
Other fees:	<p>In addition to our service fees, our Fund clients may be assessed other fees by parties independent from us. Brokerage and/or custodial fees will also be experienced by our Fund clients. Such fees will be charged by the broker-dealer or custodian of record or transfer agent (not us) for any trading accounts used for handling the trading activities for the Funds. Any such fees are exclusive of, and in addition to our compensation. Assets within each of the Funds will be used to pay any brokerage, custodial, or other fees experienced by the Funds in relation to the brokerage activity carried out for each such Fund.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>														
Fee collection:	<p>For the service described above, we receive our asset management service fees by the following method(s):</p> <p><i>Automatic fee deduction via the custodian</i></p> <p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a</p>														

	<p>statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p><i>Direct billing.</i></p> <p>If so desired, you may choose to be billed directly by us for our service fees. If so chosen, you will be invoiced by the fifth business day of the month subsequent to the most recently ended billing period. Payments are due on or by the final business day of the month in which the invoice is generated.</p> <p>Specific fee arrangements will be set forth in the Fund's or SMA's Agreement with us.</p>
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input checked="" type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears. Specific fee arrangements will be set forth in the Fund's Agreement with us.</p>
Advanced billing and refunds:	<p>Centre does not charge its advisory fees in advance. Specific fee arrangements will be set forth in the Fund's or SMA's Agreement with us.</p>

#### **IV.(C). Customization of Advisory Services**

To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances and other factors that may influence the investment recommendations we may make to you from time to time. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines that you impose on our investment management functions may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to you.

#### **IV.(D). Wrap Fee Program Participation**

None of our investment advisory services involve the use of wrap programs.

#### **IV. (E). Assets Under Management<sup>1</sup> ("AUM")**

AUM (discretionary): \$ 796,400,000  
 AUM (non-discretionary): \$ 6,000,000  
 Total AUM<sup>2</sup>: \$ 802,400,000  
 Date of AUM calculation: December 31, 2014

<sup>1</sup> The term, "assets under management" shall carry the same meaning as that term is defined by Form ADV.

<sup>2</sup> Rounded to the nearest \$100,000

## **V. Fees and Compensation**

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### **V.(A). Centre Advisory Fees**

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Refer above to Item IV.(B).

### **V.(B). Fee Collection Process**

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Refer above to Item IV.(B).

### **V.(C). Other Fee/Expenses.**

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Refer above to Item IV.(B).

### **V.(D). Fees Charged in Advance**

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Refer above to Item IV.(B).

## **V.(E). Additional Compensation**

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Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Neither we, nor any of our supervised persons are party to such arrangements.

## **VI. Performance-Based Fees and Side-By-Side Management**

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To supplement our discussion of fees and compensation contained in Item IV.(B) above, for certain of our clients, we receive fees that are based on the investment performance of the account or assets that we have been engaged to manage. It is very likely that we may manage a set of assets for one client using a performance-based fee schedule and for a similar type of service for another client, we will receive another type of fee (asset-based, flat, hourly, etc.). Not all clients are eligible for performance-based fees and thus, we will only charge a performance-based fee in relation to accounts/assets for a client meeting the minimum criteria for being charged performance-based fees.

A primary concern with the use of performance-based fees is that they create an incentive for a firm to engage in riskier investment behavior due to the higher return potential. Additionally, assets covered by a performance-based fee may call for a more actively traded account, thus, increasing the overall transaction/trading costs associated with the account/assets. Finally, a firm may have the incentive to favor accounts/assets subject to a performance-based fee over accounts/assets not covered by a performance-based fee for the purpose of maximizing the potential fee revenue from the accounts/assets producing the performance fees.

In an effort to deal with the types of conflicts presented in the preceding paragraph, we regularly monitor client trading activity for the purpose of not only reviewing for the appropriateness of the transactions but also the appropriateness of the overall fees paid by the client. Our review process in this regard is carried out on no less than an annual basis and generally, we review at least a portion of our clients' accounts/assets for this purpose on a quarterly basis. It is our goal to keep a client's annual service fees related to our advisory services to no more than 2.99% on an annual basis, however, in certain circumstances, a client's overall advisory fee may warrant a fee in excess of 2.99%. In such cases, we will maintain rationale as to why the higher fee is warranted.

## **VII. Types of Clients**

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We will generally provide our services to the following types of clients.

- Pools or other collective investment vehicles
- Investment companies
- Institutional corporate or government pension plans

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions we may impose, please refer to Item IV.(B).

## **VIII. Methods of Analysis, Investment Strategies and Risk of Loss**

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### **VIII.(A). Methods of Analysis**

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In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. A description of each key risk appears later in this section.

## **Fundamental**

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company's/issuer's current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(A). (cont.) Investment Strategies**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Trading**

Trading generally involve the acquisition of an investment instrument and holding it for a period of at not more than thirty days.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Short Sales**

Selling short involves the sale of an investment instrument that you do not own. In most cases, a short seller will have to go out and borrow or arrange for the borrowing of a particular investment instrument before selling short. When selling short, the seller is expecting the price of the underlying investment instrument to decline but if it does, the seller is able to sell the investment instrument(s) at the present day price (in effect at the time of entering into the short sale) and the profit potential is the difference between the sale price of the borrowed shares and the cost of



purchasing the borrowed shares in order to make good on the delivery of the investment instrument(s) to the party on the other side of the initial short sale.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

**Option Writing** (including covered/uncovered options or spreading strategies)

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(B). Risk Disclosures**

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**Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

**Credit Risk**

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

**Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

**Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many

of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and

thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### Strategy Risk

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

## VIII.(C). Investment-Specific Risks

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

## IX. Disciplinary Information

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you may consider material in your evaluation of our firm or the integrity of our management. Following each of the items below, we shall provide details as to each applicable matter or we will answer “No.” This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

### IX.(A). Criminal or Civil Action

In any domestic, foreign, or military court of competent jurisdiction, has Centre or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### IX.(B). Administrative Proceedings

Has Centre or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Centre or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of an investment-related		

statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of Centre or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending Centre or one of its management person's association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting Centre or one of its management person's investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on Centre or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **IX.(C). SRO Proceedings**

Has Centre or any of its management persons been involved in a SRO proceeding in which Centre or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## **X. Other Financial Industry Activities and Affiliations**

The following information will address any active or pending financial industry affiliations that you need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to letting us handle your investment advisory needs.

### **X.(A). Broker-Dealers**

Neither Centre nor any of its management persons is registered as a broker-dealer nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Further, none of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer.

### **X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators**

Neither Centre nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

### **X.(C). Related Persons**

The purpose of this section is to address any relationship or arrangement (that is material to (1) our advisory business or (2) our clients) that we or any of our management persons have with any of our related persons that meet certain categories as identified by the Form ADV. Those categories are listed below and in the event that we have a related person that is included in one of those categories, we will address not only the relationship or arrangement

that is material to our advisory business or our clients but also any conflict(s) arising out of this relationship/arrangement and how we address such conflict(s). It should be understood that if the checkbox immediately preceding a category is unselected, that category shall be deemed not applicable for the purpose of this item X.(C).

☐ **Broker-dealer, municipal securities dealer, or government securities dealer or broker**

*Related Person:* None.

*Conflict(s):* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Other investment adviser or financial planner**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Banking or thrift institution**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Accountant or accounting firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Lawyer or law firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Insurance company or agency**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Pension consultant**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Real estate broker or dealer**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Sponsor or syndicator of limited partnerships**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

## **X.(D) Use of Other Investment Advisers**

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We do not use other investment advisers in the course of the services described above in Item IV.(B).

## **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **XI.A Code of Ethics**

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We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics (“Code”) as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm’s IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our employees has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

## **XI.(B) Participation in Client Trading**

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The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments we may recommend to you.

No such arrangements exist.

## **XI.(C) Trading Alongside Our Clients**

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On occasion, we may have a financial interest in the same securities or other investments that we acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client’s accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### **Investment Policy**

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### **Firm Procedures**

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client’s purchase of that security; and
- 2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client’s sale of that security.

As an alternative to the procedures described in the preceding points, we may include our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **XI.(D) Trading Around the Same Time as Clients**

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The information in this item is intended to address situations in which we or any of our related persons may invest in the investment instruments we may recommend to you. Since we do not make recommendations as to specific securities instruments, no such arrangements exist.

Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

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The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

Unless the client directs otherwise, Centre will generally recommend that all the client's accounts be maintained at, by, or through certain other firms that are unaffiliated with Centre.

Although not all-inclusive, Centre may utilize or recommend the following brokers of record in executing its discretionary asset management services and their corresponding custodian:

- Deutsche Bank Securities, Inc.
- J.P. Morgan Securities Inc.

Factors that we consider in utilizing or recommending certain broker-dealers or custodians to our clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for all of our clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for the client's account transactions.

### **XII.(A).(1). Research and Soft Dollar Benefits**

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Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that an investment adviser may receive from a broker-dealer(s) or other party in connection with the client securities transactions are directed to that particular broker-dealer(s).

We do participate in soft dollar arrangements. Consistent with obtaining best execution, transactions for your account(s) may be effected through a broker-dealer in return for research products and/or services, which assist us in our investment decision-making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by you may also be used to pay for research that is not used in managing your specific assets. As a result of our soft dollar arrangements and if we determine in good faith that the commissions paid by our clients under a soft dollar arrangement are reasonable in relation to the value of the brokerage and research



services received, you may experience brokerage commissions/costs greater than another qualified broker-dealer might charge to effect the same transaction(s). All soft dollar arrangements will be structured in accordance with Section 28(e) of the Securities Exchange Act of 1934.

Refer to Item XII.(A).(1).(e) below for a description of the types of soft dollar benefits we may be eligible to receive.

***XII.(A).(1).(a).***

When we use client brokerage commissions/fees to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research or other products or services we may receive.

***XII.(A).(1).(b).***

We 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 on our clients' best interest in receiving most favorable execution.

***XII.(A).(1).(c).***

As a result of these soft dollar arrangements, the commission rates or other brokerage execution fees you pay may be higher than those charged by other broker-dealers.

***XII.(A).(1).(d).***

The soft dollar benefits that we may receive from time to time will not be used to service all of our clients' accounts. We do not seek to allocate soft dollar benefits to client accounts proportionately based on the soft dollar credits that each individual account generates.

***XII.(A).(1).(e).***

The following non-exclusive list will identify several types of soft dollar benefits that we might receive from a broker-dealer in relation to effecting client securities transactions through that particular broker-dealer(s).

- 1) Third-party research
- 2) Electronic databases and/or nonproprietary research.
  - a. S&P Compustat (Capital IQ)
  - b. Bloomberg
  - c. Intrinsic Research System
  - d. Thomson Reuters
  - e. MSCI BARRA Portfolio Optimization & Modeler
  - f. MSCI
  - g. S&P Industry Surveys
  - h. Strategic Economic Decisions
  - i. Neovest
  - j. Advent Axys
  - k. LexisNexis
  - l. Sanlam Equity Analytics
  - m. Strategas Research Services
  - n. evaDimensions
- 3) Online quotation/news.
  - a. Interactive Data
  - b. NYSE Markets Real-time data
  - c. The World Markets Company
  - d. London Stock Exchange

### ***XII.(A).(1).(f).***

During our last fiscal year, we used the following procedures in connection with directing client transactions to a particular broker-dealer in return for soft dollar benefits. These procedures are subject to change at any time as we deem appropriate.

No less frequently than on an annual basis, the Designated Supervisor will perform an analysis of the commission/transaction costs experienced by Centre's clients under any soft-dollar arrangements. The purpose of this analysis is to identify the portion of the client commission costs that is attributable to any items (research, non-research, mixed-use, etc.) that may be received by Centre in connection with the soft-dollar arrangements. Once this cost is determined, the Designated Supervisor must then make a determination as to whether the overall cost to the client is still justifiable in light of the additional charge related to the non-brokerage related products/services Centre receives as a result of the soft-dollar arrangement.

In the event the Designated Supervisor determines that the overall cost to Centre's clients is no longer favorable under the soft-dollar arrangement, the Designated Supervisor will seek to eliminate the soft-dollar arrangements or will seek an entirely new executing broker-dealer.

The Designated Supervisor will maintain a record of each such analysis and any subsequent documentation related thereto.

### **XII.(A).(2). Brokerage for Client Referrals**

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In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

### **XII.(A).(3). Directed Brokerage**

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This item is intended to address situations where we may recommend, request, or require you to provide us instructions as to how to direct brokerage activity on your behalf.

#### ***XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. We do not routinely recommend, request, or require that you direct us as to how to execute brokerage transactions on your behalf (i.e. using a particular broker-dealer for execution purposes).

#### ***XII.(A).(3)(b). Directed Brokerage – Permitted***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer, however, you may direct us to use a particular broker-dealer (subject to our right to decline such a request) to execute some or all transactions for your account or otherwise on your behalf. In such an event, we will not negotiate terms and arrangements for the account with the other broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" the transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **XII.(B). Order Batching**

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Transactions for the client's account generally will be effected independently on a pre-allocated basis with the same broker under the same time and strategy parameters. We may (but are not obligated to) combine or "batch" such

orders in order to obtain better execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn't guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XIII. Review of Accounts**

### **XIII.(A). Review of Accounts or Financial Plans**

#### **Review of client accounts.**

We will review your accounts on an ongoing basis, but no less frequently than a quarterly basis. The designated reviewer(s) will review your accounts for best execution, suitability, and service. Not all transactions will be reviewed, rather, the designated reviewer(s) will perform a sampling-based review. The designated reviewer(s) will review the performance and cost basis for your transactions. Your investment objectives are used to review for suitability. Quarterly, transactions are reviewed referencing your investment objectives for any transaction that may not fit your stated objectives, or our understanding of your investment objectives will be flagged and reviewed with the investment adviser representative placing the trade.

The periodic review process described above will be performed by James A. Abate, Managing Director/Chief Investment Officer/CCO.

#### **Review of Financial Plans.**

Since we do not offer financial planning, this section is not applicable to us.

### **XIII.(B). Non-Periodic Account Reviews**

Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

### **XIII.(C). Reports to Clients**

Account statements will be provided no less frequently than quarterly by the custodian or administrator, not by Centre. Account statements will identify account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

In the event we also send account statements to you in addition to those provided by the qualified custodian, you are urged to compare any account statements provided by us to those provided by the custodian.

#### *Reports to '40 Act Funds Shareholders*

Account statements will be provided to the underlying shareholders no less frequently than quarterly by the administrator, not by Centre. Account statements will identify investor account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

#### *Reports to Investors in Unregistered Funds*

For any pooled investment vehicles to which we may provide investment advisory services, the general partner or managing member of any such pooled investment vehicles will ensure that all investors are provided a copy of the annual audit report within 120 days of the fiscal year-end of the pooled investment vehicle. For a fund of funds, the report must be provided within 180 days of the fund's fiscal year end. Please refer to the offering materials for the pooled investment vehicle for further details.

## **XIV. Client Referrals and Other Compensation**

### **XIV.(A). Compensation we Receive**

Under certain circumstances, firms like ours may receive compensation from other parties for having referred clients or potential investment advisory clients to them. These sorts of arrangements are generally referred to as “solicitor” arrangements. In cases where Centre serves as the Principal-Adviser to Funds and prospective clients, who have been solicited to invest in such Funds, deem it more beneficial due to account size or other considerations to engage a third-party directly as the Adviser to an SMA in which we provide sub-advisory services, Centre will receive a portion of the asset management fees it receives, typically 20%, from the third party for referral and ongoing activities.

### **XIV.(B). Compensation we Pay**

Under certain circumstances, firms like ours may compensate other parties for having referred clients or potential investment advisory clients to us. These sorts of arrangements are generally referred to as “solicitor” arrangements. In cases where Centre serves as Sub-Adviser to Funds and prospective clients, who have been solicited to invest in such Funds by the third-party principal adviser, deem it more beneficial due to account size or other considerations to engage us directly as the Principal Adviser to an SMA, Centre will remit a portion of the asset management fees it receives, typically 20%, to the introducing party for referral and ongoing client service activities.

## **XV. Custody**

We engage in certain activities that result in us being deemed to have custody of certain of our client's funds and/or securities.

- ☒ Automatic fee deduction from your brokerage or other trading accounts
- ☐ Physical possession or control (even temporary) of client funds or securities
- ☐ The ability to gain access to any client funds and/or securities
- ☐ One of our related persons has custody of funds and/or securities subject to our investment advisory services
- ☒ We or one of our related persons serves as the general partner, managing member, or other similar type of control person to an investment fund to which we provide investment advisory services.

As stated previously in Item XIII.(C), your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review that information to the information contained on the account statements or other statements received from the qualified custodian.

## **XVI. Investment Discretion**

In connection with our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our investment advisory agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on the client's behalf
- 2) The amount of securities to be bought or sold on the client's behalf
- 3) Timing as to when such securities are to be bought or sold
- 4) The particular broker or dealer to be used for arranging client securities transactions
- 5) Commission rates to be paid in relation to securities products effected on the client's behalf

We will have authority to exercise complete discretion with regard to the above named factors without restriction. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

### **XVII.(A). Proxy Voting**

#### **Proxy Voting Policy, Procedures, and Guidelines**

##### **General Policy**

Centre Asset Management believes that the review and voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. Centre Asset Management is committed to voting corporate proxies solely in a manner that serves the economic best interests of its clients.

Centre Asset Management evaluates the competence, experience, reputation, and capital allocation skills of a company's management as part of its qualitative assessment within the investment decision making process. Therefore, Centre generally follows the so-called "Wall Street Rule"; i.e., it votes as management recommends or sells the stock prior to the annual meeting if there is a significant management sponsored voting issue that is not consistent with the economic best interests of the client account shareholders. This does not mean that we take corporate governance lightly, but rather, it is confirmation that our process of investing with shareholder aligned management is working. However, if we determine that managements' position on a particular issue deemed not material enough to trigger a sale of the stocks is not in the best interest of our clients, we will vote contrary to management's recommendation, or abstain from voting. Also, there may be instances where we determine that not voting is in the best economic interests of our clients. The practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous to vote proxies in every instance. For example, we might refrain from voting if we or our agents are required to appear in person at a shareholder meeting or if the exercise of voting rights results in the imposition of trading or other ownership restrictions.

### **Conflicts of Interest**

Proxy solicitations that involve a conflict of interest or might appear to involve a conflict of interest, between Centre Asset Management and its clients will be handled in one of the following ways:

- Engage an independent party to determine how to vote the proxy;
- Prepare a report that (i) describes the conflict of interest; (ii) discusses procedures used to address such conflict of interest; (iii) discloses any contacts from outside parties (other than routine communications from proxy solicitors) regarding the proposal; and (iv) confirms the recommendation was made solely on the investment merits and without regard to any other consideration;
- Refer the proxy to the client or to a representative of the client for voting purposes;
- Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote;
- Vote in accordance with the pre-determined voting policy, The Wall Street Rule, outlined and disclosed to clients in our General Policy; or
- Seek guidance from the Board of Trustees.

### **Record Keeping**

Centre Asset Management will maintain the following records with respect to proxy voting:

- A copy of this proxy voting policy;
- A copy of all proxy statements received (Centre may rely on a third party for this service such as ProxyEdge);
- A record of each vote cast on behalf of a Fund (Centre may rely on a third party for this service such as ProxyEdge);
- A copy of any report or document prepared by Centre that was material to making a voting decision or that memorializes the basis for that decision; and
- A copy of each written client request for information on how Centre voted proxies on the client's behalf, and a copy of any written response to any (written or oral) client request for information on how Centre voted proxies on behalf of the requesting client.

### **Disclosure**

Centre Asset Management will furnish a copy of this policy and how proxies were voted to its clients upon request. Requests may be made by calling Centre Asset Management at (212) 918-4707 or emailing [info@centreasset.com](mailto:info@centreasset.com).

## **XVII.(B). Proxy Voting**

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If you have authorized us to vote proxies on your behalf, we will do so in accordance with the information provided above in XVII.(A). Proxies related to the securities you own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork you completed for the custodian holding your account/assets. If you have questions related to a particular proxy notice, please call us at 212-918-4707.

## **XVIII. Financial Information**

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### **XVIII.(A). Balance Sheet**

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **XVIII.(B). Adverse Financial condition**

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In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. No such conditions exist.

### **XVIII.(C). Bankruptcy-Related Matters**

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Centre has never been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

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As a federally-registered investment adviser, this section of our Brochure is not applicable to us.