

Part 2A of Form ADV: *Firm Brochure*

**Apex Capital Management, Inc.
Value Management Brochure**

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03/06/2015

This brochure provides information about the qualifications and business practices of Apex Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 937-428-9222 or mdk@apexcm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Apex Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107075.

Item 2 Material Changes

Consistent with SEC adopted "Amendments to Form ADV" rules and requirements (dated July, 2010) , we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Firm Brochure, dated 03/06/2015 has just been created to disclose our value management services. The brochure will be updated as required by the rules of the Investment Advisers Act of 1940.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12	Brokerage Practices	14
Item 13	Review of Accounts	17
Item 14	Client Referrals and Other Compensation	17
Item 15	Custody	18
Item 16	Investment Discretion	18
Item 17	Voting Client Securities	18
Item 18	Financial Information	19

Item 4 Advisory Business

Apex Capital Management, Inc. is a SEC-registered investment adviser with its principal place of business located in Ohio. Apex Capital Management, Inc. began conducting business in 1987.

Listed below are the firm's principal shareholders (i.e. those individuals and/or entities controlling 25% or more of this company).

- Nitin N Kumbhani, President

In addition, the following individuals are owners of our firm:

- Sunil M Reddy, Vice President
- Michael D Kalbfleisch, Vice President
- Jan E Terbruggen, Vice President
- Mark S Harrell, Vice President

Apex Capital Management, Inc. offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Value accounts are managed by John A. Appleby. Prior to joining Apex, Mr. Appleby was the Managing Member and Chief Investment Officer of Rockwood Investment Counsel, LLC

Our firm provides discretionary investment management services to individual and institutional clients. Apex provides Mid Cap Value and Small Cap Value portfolios which are selected by the client or consultant based on the individual needs of the client or as established by the client's investment policy.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations where appropriate.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Clients may choose to augment the aforementioned styles with taxable or nontaxable bonds.

Once the client's portfolio has been established, we review the portfolio at least monthly for high cash levels and consistency of security holdings for the selected style.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer. Depending on the portfolio selected, we will primarily utilize equity securities of small and midsize companies, such as stocks and foreign securities listed on US exchanges (ADRs) and/or foreign exchanges (ordinaries) and publicly traded partnerships (PTPs) in the management of client portfolios.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives/restrictions, tolerance for risk, liquidity and suitability.

We also offer various Growth portfolios. These are described in our Growth Management Brochure, which is available on request. We also manage the APEXcm Small/Mid Cap Growth Fund, a regulated investment company. Clients who are interested in the Fund may obtain more information from the Fund's prospectus.

AMOUNT OF MANAGED ASSETS

As of 12/31/2014, we were actively managing \$4,012,448,389 of clients' assets on a discretionary basis and were overseeing \$1,591,730,684 of clients' assets through Separately Managed Accounts (SMA) programs.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Fee Schedule

We charge an annual asset management fee for 1.25% for the small cap portfolio and 1% for the midcap portfolio. All fees are negotiable.

Fees are payable quarterly in arrears based on the account market value on the last day of the calendar quarter. For new client accounts, the first payment is a pro-rata calculation that takes into consideration the number of days remaining in the quarter.

Limited Negotiability of Advisory Fees: Although Apex Capital Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of an account, any earned, unpaid fees will be due and payable. In calculating any fees due to Apex, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Apex will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, we will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

Contributions and Withdrawals: Upon receipt of notification of an initial or additional contribution or withdrawal, Apex will execute the portfolio transactions within a reasonable time frame. It is the responsibility of the client or their financial intermediary to inform Apex of all such transactions.

Mutual Fund Fees: In some cases, clients may choose to have mutual funds/ETFs in their portfolios. All fees paid to Apex Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These 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 our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

From time to time, a client may directly request or Apex may utilize its discretionary authority to invest in the APEXcm Small/Mid Cap Growth Fund. In such instances, Apex will not charge an additional advisory fee for that portion of the separate managed account client's assets invested in the Fund.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the program sponsors, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A Program Sponsor may recommend the client retain Apex as an investment adviser and pays Apex's fee which is typically billed quarterly in advance. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. Normally, Apex must execute transactions of wrap-fee clients with the Program Sponsor and as such may not be able to ensure best execution. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Apex Capital Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid

engaging in prohibited transactions, Apex Capital Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions. ERISA rule 408(b)(2) requires full disclosure of our services and compensation and should be read in conjunction with this ADV part 2 and the fee disclosure notice.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Apex Capital Management, Inc. does not charge performance-based fees. However, as previously noted, Apex may on a client by client basis negotiate alternative fee structures.

Apex has a centralized trading desk that services both our Growth and Value clients. Growth and Value portfolios are managed by different persons in different locations. Trades are placed by our Trading desk in the order in which they are received.

Apex has in place trading procedures and controls to mitigate any conflict of interest. Please see additional description in Item 12.

Item 7 Types of Clients

Apex Capital Management, Inc. provides value management services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

General Investment Strategies

Apex manages value accounts according to one of two strategies selected by the client:

1. Small Cap Portfolio – a portfolio of securities with market capitalization at time of

- purchase of \$200 million to \$3 billion.
2. Mid Cap Portfolio – a portfolio of securities with a market capitalization at time of purchase of \$3 billion to \$15 billion

Each portfolio will typically hold 30-45 companies. We diversify the portfolio across sectors and industries we believe offer the best opportunities in the marketplace.

Methods of Analysis for Selecting Securities

Apex seeks to invest in small and midsize company stocks that we believe have become oversold. We seek opportunities. We invest when we believe the price is meaningfully below the stock's underlying value or fails to accurately reflect the company's future prospects.

We use a bottom-up disciplined approach to seeking investment opportunities and to selling investments when we believe they have reached full value. We do not use margin; we do not hedge; we do not use options; we do not sell short; and we do not follow trends.

We have a four-step process for selecting securities:

1. Estimate of Intrinsic Value – We analyze a company to estimate the firm's intrinsic value. We evaluate the business as if we were buying the whole firm. We analyze the financials of the firm, the fundamentals of the company, and the environment in which it competes. We assess the value of the company's cash flow opportunities and its ability to invest in faster growth or higher margin segments of their business. We apply industry appropriate valuations methods to the analysis of each company. We seek stocks with relatively low multiples of earnings, book, EBITDA, cash flow, and/or sales. The company must appear attractive relative to peers, industry, and index and relative to its potential growth rate.
2. Discount to Intrinsic Value - We compare our estimate of the intrinsic value with the stock price to determine if presents sufficient potential return given the company's business risks.
3. Attractive Fundamentals – Additionally, we look for one or more of the following characteristics before choosing to invest: high growth of cash from operations, strong financials, experienced management, sound business fundamentals, or durable competitive advantage. We look for companies with strong or improving financial positions and cash flow. We avoid companies with high levels of debt. We prefer companies where the industry and company-specific outlook is improving. We are attracted to companies experiencing a positive shift in the underlying business drivers or exhibiting strong competitive positions in their industry or niche markets.
4. Investment Catalyst – Finally, each stock purchased should have an identifiable catalyst. A catalyst can be any number of events: a new product, a higher earnings growth rate above expectations, higher operating margins, a share buyback, higher dividend payout ratio, new management, an accretive acquisition, or an improved balance sheet among many others.

The methods of analysis listed above do not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Our analysis includes non-quantifiable factors such as quality of management, and strength of research and development are factors not readily subject to measurement, and predict changes to value based on that data. A risk in using this type of analysis is that our subjective judgment may prove incorrect.

We purchase securities with the idea of holding them in the client's account for an extended period of time. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Investing Involves Risk

Prior to entering into an agreement with Apex, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors. Further, prices of

these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to dispose of those equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

Small Capitalization Equity Securities

Investing in smaller companies may pose additional risks as it is often more difficult to dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

Real Estate Investment Trusts (REIT)

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values and liquidity of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exempt status afforded under relevant laws.

Publicly Traded Partnerships (PTPs)

PTPs are publicly traded businesses which have chosen to be treated as a partnership under the tax laws and that trade mainly on the New York Stock Exchange and/or the NASDAQ, the same as stocks. Most publicly traded companies are corporations. Corporate earnings are usually taxed twice. The business entity is taxed on any money it makes and then shareholders are taxed on the earnings the company distributes to them.

In 1987, Congress allowed public trading of certain types of companies as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are “pass through” entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any partnership that is publicly traded to receive 90% of its income from “specified resources”. Qualifying income for PTPs includes interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from commodities or commodities futures, and income and gain from mineral or natural resources activities. Mineral or natural resources activities include exploration, development, production, mining, refining (including fertilizers), marketing and transportation (including pipelines), of oil and gas, minerals, geothermal energy, or timber. Later the qualifying income definition was expanded to include income and gains from industrial carbon dioxide, and from the transportation and storage of alcohol and

biodiesel fuel mixtures; various alternative fuels; neat alcohol not derived from alcohol, gas, or coal or having a proof under 190; and neat biodiesel.

In addition to general business risks, PTPs bear the following risks:

Risk of Regulation or Change

The main advantage of a PTP is its tax-advantaged status under the current Internal Revenue Code. Therefore, changes in the tax code resulting in the loss of its preferential treatment could significantly affect the viability of PTP investments.

Tax Risk

PTPs are pass-through entities, passing earnings through to its investors. Investors must be aware that there are potentially significant tax implications of investing in PTPs and they should consult with their tax advisor before investing in these securities. For example, income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, may be allocated unrelated business taxable income from a PTP and this income could be taxable to them. Additionally, a PTP investor is taxed on the investor's share of partnership income whether or not the investor actually receives any cash from the partnership. The investor's tax is based not on money received, but on the investor's proportionate share of what the partnership earns.

Investing Outside the U.S.

Investing outside the United States may involve additional risks of foreign investing. These risks may include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Investments in developing countries can further heighten the risks described above. A developing country may be in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

Developing countries may have less developed legal and accounting systems. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect security prices. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. Securities markets in these countries are also relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid than securities issued in countries with more developed economies or markets.

An account's investment activities outside the United States could lead to additional costs.

Brokerage commissions may be higher outside the United States, and the account will bear certain expenses in connection with its currency transactions. Furthermore, increased custodian costs may be associated with maintaining assets in certain jurisdictions.

American Depositary Receipts (ADR)

An ADR is a security that trades on U.S. exchanges but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Some banks and brokerage firms issue/sponsor ADRs. ADRs are subject to additional risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings.

Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

Cash and Cash Equivalents

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Apex Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of reportable securities. Our code also provides for oversight, enforcement and recordkeeping provisions.

Apex Capital Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to mdk@apexcm.com, or by calling us at 937-428-9222.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell reportable securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This

prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

4. Our firm requires prior approval for any reportable equity security investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our Compliance Committee.
10. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

For discretionary clients, Apex Capital Management, Inc. requires clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. For individual clients who have established a custodial account with a broker/dealer, portfolio transaction costs are typically agreed upon between the client and the broker and it is our practice not to get involved in these negotiations. In this situation, clients should be aware that transactions may limit the advantages of aggregating trades and that transaction costs may be higher than other Apex clients. Apex may receive client referrals from broker-dealers which may represent a conflict of interest in receiving best execution and Apex's interest in receiving future referrals. Typically the "asset-based" fee structure or commission rates are negotiated by the client with the brokerage firm. In this event, all transactions may be executed with the brokerage firm and as such may limit our ability to receive best execution and as such we will not seek other or better execution services or prices.

In situations where Apex has discretion to determine the broker/dealer to be used, Apex will arrange for the execution of securities transactions for the client through broker/dealers that Apex reasonably believes will provide best execution. Apex Capital Management, Inc. will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Apex Capital Management, Inc. in providing investment management services to clients. Apex Capital Management, Inc. may therefore recommend (or use) the services of a broker who provides useful research and securities transaction services even though a lower commission may be

charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Apex Capital Management, Inc. may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Apex Capital Management, Inc. and, indirectly, to Apex Capital Management, Inc.'s clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Apex Capital Management, Inc. does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Apex Capital Management, Inc. may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Apex Capital Management, Inc. determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Apex Capital Management, Inc. makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When Apex Capital Management, Inc. uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Apex Capital Management, Inc. does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

ISI Group, Inc.
Emperical Research Partners
Factset Data Systems
Morningstar Inc.
Bloomberg

Zacks
Russell
Omgeo

Apex Capital Management, Inc. will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Apex Capital Management, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Apex Capital Management, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Apex Capital Management, Inc., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Apex Capital Management, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. High net worth/retail clients in an aggregate batch will typically receive the same average execution price but may not receive a pro rata allocation of transaction costs due to differing commission rates and minimum transaction charges applied by the custodian. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Apex Capital Management, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Apex Capital Management, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Apex has a centralized trading desk that services both our Growth and Value clients. Growth and Value portfolios are managed by different persons in different locations. Trades are placed by our Trading desk in the order in which they are received.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

Reviews

We manage portfolios on a continuous basis and generally review securities held on a daily basis. Portfolios are typically reviewed not less frequently than weekly. Portfolios may be reviewed more frequently for cash contributions or withdrawals. Portfolios are typically rebalanced no more frequently than quarterly. John Appleby, Portfolio Manager, performs all reviews.

Reports

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Apex may negotiate with the client to provide written reports detailing performance in client accounts on a quarterly basis.

Item 14 Client Referrals and Other Compensation

It is Apex Capital Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Apex Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians. If approved, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; determine the amount of the security to buy or sell;
- determine the broker-dealer to be used;
- determine the commission to be paid.

Clients give us discretionary authority when they sign an Investment Advisory Agreement with our firm, and may limit this authority by giving us written instructions. Examples of restrictions include limitations on individual securities, types of stocks or sector percentage allocations. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We vote proxies for client accounts only if requested via the client Investment Advisory Agreement or other written notification. Unless notified in writing, you have exercised your right to vote proxies in your own account.

We, or a designated proxy voting service, will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a record of each vote cast, a copy of any document created by us that was material to making a decision in voting proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Kamal Kumbhani by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Kamal Kumbhani by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 937-428-9222 or email knk@apexcm.com.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Apex Capital Management, Inc. has no additional financial circumstances to report.

Apex Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.