

*Waterloo International Advisors,
LLC 105 Sibley Avenue
Ardmore, PA 19003*

610-645-7950

This *Firm Brochure* provides information about the qualifications and business practices of Waterloo International Advisors, LLC. If you have any questions about the contents of this *Firm Brochure*, please contact us at (610) 645-7950 or at guy@waterlooadvisors.com.

Waterloo is a Registered Investment Advisor with the Securities Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Waterloo to assist you in determining whether to retain Waterloo as your Advisor.

Additional information about Waterloo International Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov (the CRD number for Waterloo International Advisors, LLC is 165107).

ITEM 2: MATERIAL CHANGES

Form ADV 2 is divided into two parts: Part 2A and Part 2B. Part 2A, Firm Brochure (the “Disclosure Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. Part 2B (the “Brochure Supplement”) provides information about advisory personnel of Waterloo.

Waterloo believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Material Changes

The following changes have been made to this Disclosure Brochure since the last filed and distributed version:

- Waterloo changed its address to 105 Sibley Avenue Ardmore, PA 19003 in 2015

Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Waterloo International Advisors, LLC.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (610) 645-7950 or at guy@waterloadvisors.com.

Please Retain a Copy of This Brochure for Your Records

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ITEM 4: ADVISORY BUSINESS

Waterloo International Advisors, LLC (hereafter “Waterloo”), is a fee-based private investment management firm that seeks to achieve capital appreciation for institutional and retail/HNW investors. Waterloo offers short only and long/short asset allocation strategies primarily in U.S. traded equities and exchange traded funds.

Waterloo is an investment advisory firm, originally formed in 2003 to serve as the General Partner to a short-biased hedge fund that was co-managed by the owners. The experience, education, and background of its principals and management persons can be found in the accompanying *Brochure Supplement*; ADV Part2B.

Waterloo’s principal owners and managing members are: **David Schroll** (hereafter “Schroll”) and **Guy A. Judkowski** (hereafter “Judkowski”). Schroll and Judkowski own 50 percent equally of Waterloo International Advisors, LLC.

Waterloo provides investment management or co-management services to mutual funds and typically does not have regular contact with clients of such investment advisers.

Mutual fund investments are managed in accordance with each fund’s investment objective, strategies and restrictions as set forth in the mutual fund’s prospectus and are not tailored to the individualized needs of any particular investor in the mutual fund.

Regulatory assets under management as of December 31, 2014:

Discretionary	\$ 5,000,000
Non-Discretionary	\$ <u>0</u>
Total	\$ 5,000,000

ITEM 5: FEES AND COMPENSATION

Waterloo’s compensation depends on the manner it provides advisory services. As an adviser to mutual funds, Waterloo is compensated on assets under management. Fees may be negotiated or waived in certain circumstances.

Mutual Funds

Waterloo provides advisory services to registered investment companies, commonly known as mutual funds. Waterloo is the investment adviser to the following mutual fund, a series of Advisors Series Trust:

- Logan Capital Long/Short Fund

Additional series may be added in the future. The mutual funds pay Waterloo advisory fees monthly at an annual rate of 0.70% of the mutual fund’s net assets, computed and accrued daily. Investors in the mutual funds bear their proportionate share of each mutual fund’s fees and expenses, including their pro rata share of Waterloo’s advisory fees.

Information concerning the mutual funds, including a description of the services provided by management and the fees charged for those services, is generally contained in each mutual fund's prospectus. A prospectus may be obtained from the SEC's website.

Other Non-Advisory Fees

Cash balances (including those of the mutual funds) are sometimes swept into money market funds that may be sponsored by the client's custodian or broker-dealer. Exchange traded funds may be used as an investment vehicle in the mutual funds to increase or decrease market exposure while securities are being purchased or sold. When these types of funds are used, the client, in effect, pays two advisory fees with respect to the amount of assets so invested (i.e., the money market or exchange traded fund's fees and expenses and that portion of Waterloo's management fee attributable to such assets).

Other Expenses

Clients may incur certain charges imposed by the *Financial Institution(s)* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and may be in addition to Advisory fee. Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that Waterloo considers in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation.

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

If Waterloo were to enter into a performance fee arrangements, it structures any performance fees subject to federal rules and in accordance with the available exemptions granted under those rules. Currently, Waterloo has not entered into any performance fee arrangements.

ITEM 7: TYPES OF CLIENTS

Waterloo currently provides investment advice only to mutual funds.

Generally there are investment minimums in mutual funds and will vary by product. The minimum investment required by mutual funds is described in each mutual fund's prospectus.

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

Short Investment Approach

Waterloo's investment approach will involve a disciplined, methodical search for "flawed" companies with timely catalysts. Such flaws may be evidenced by high inventories or accounts receivable, decelerating sales growth, heavy insider selling or deteriorating technical factors. Waterloo will carefully

scrutinize the quality of earnings of such companies, and focus on the proxy statement (background of directors and management, director or accountant resignations, litigation and related transactions), the balance sheet and footnotes (accounts receivable, inventories, other current assets, reserve levels, changes in amortization or depreciation schedules, off-balance sheet liabilities), and the income and cash-flow statements (margin trends, one-time gains or losses, tax rates).

Waterloo believes that a key to successful short investing involves not only the successful identification of critical “flaws”, but careful consideration of the time horizon likely to be required for positions to become profitable. Accordingly, Waterloo will endeavor to identify so-called “catalysts”, i.e., particular anticipated events or circumstances that are likely to accelerate the time frame in which the key flaw in the issuer will be reflected in its stock price. By emphasizing catalysts, Waterloo will seek to avoid potential short situations that would require extensive holding periods and their attendant increased costs and risks.

Waterloo will also seek to identify instances of significant “differential disclosure”, i.e., language changes in Federal filings, variations in public announcements, financial disclosures and the like, which may be early indicators of adverse changes. Waterloo’s field work will focus on Wall Street perceptions relative to off-Wall Street reality, and will sometimes include direct contact with competitors, customers and other third parties. Waterloo will also avoid short selling “concept stocks” and solely over-valued stocks and will concentrate instead on earnings shortfalls. In addition to performing in-depth fundamental research on potential short candidates, Waterloo will endeavor to apply strict and proprietary risk controls.

Short Investment Process

Waterloo identifies many of its short ideas through a three-step process in identifying potential short candidates: (i) use of a proprietary quantitative screening process to identify potential short candidates with slowing sales growth, increasing inventories and receivables, heavy insider selling, and/or other technical factors; (ii) bottom-up fundamental analysis including rigorous financial statement analysis and searches for differential disclosure, to identify “fundamental flaws” (such as accounting irregularities leading to earnings “surprises”); and (iii) technical analysis to determine the best time to initiate positions based on the securities recent trading pattern, volatility, institutional ownership, and time to a potential “catalyst” event.

Waterloo will first seek to identify flawed companies through application of a proprietary initial screening process. This process will focus on companies with slowing sales growth and rising working capital. The process begins with a database of approximately 7,000 stocks. Stocks with daily trading volume less than 100,000 shares or have stock prices below \$10 are then excluded. The process will also eliminate companies in industries where Waterloo does not believe that its method of bottom-up financial statement analysis will be effective. For example, the process currently excludes “concept stocks”, cyclical sectors, and biotechnology. Typically the screening process will yield approximately 200 short candidates.

Following the outcome of its screening process, Waterloo will perform financial statement analysis upon the short candidates, with an emphasis on quality of earnings and differential disclosure. Waterloo will then attempt to understand the “bull position” or overall psychology of a company’s investor base by analyzing the Street research and identifying key institutional holders. Historically, Waterloo has avoided securities that have large institutional ownership with a “value” philosophy, and prefers securities with large institutional holders favoring a “growth” style.

Lastly, Waterloo may perform its own fieldwork and due diligence, including contacts with management, customers, suppliers, competitors and other third parties to seek to confirm or refute its investment conclusions regarding the short candidates. The completed investment process typically will produce a universe of approximately 10-30 companies that Waterloo will sell short, provided that a number of technical conditions are met and as any identified catalyst is approaching. Such strategies may not be suitable for all investors.

Once initiated, portfolio short positions are continually monitored from the standpoint of Waterloo's portfolio requirements, system of risk controls and covering disciplines. The price volatility of each individual security, as well as the overall price volatility of Waterloo, will be monitored and adjusted where appropriate.

Waterloo will apply variety of strict cover disciplines. Qualitatively, Waterloo will seek to reduce, cover or close positions if the analytical basis for the original investment decision has become questionable or if there are other developments that create a lack of continuing analytic confidence in the position.

Portfolio Management

In addition to sourcing, analyzing, and monitoring the individual investments, Waterloo considers all of the following:

Portfolio Construction: The portfolio is built from the ground up-i.e.; each individual position is considered for investment based on its own merits using bottoms-up fundamental analyses. Top-down, portfolio-level analyses are then employed to determine how the opportunity being considered would impact the portfolio.

Concentration: The objective is to invest only in its best ideas while also investing in enough ideas to eliminate excessive position specific, non-market risk. Exact position sizes reflect the risk/reward profile of a given investment. Attempts will be made to avoid excessive exposure to specific macro-economic variables.

Short Sales: Waterloo sell securities short to profit from a fall in overpriced securities as well as to hedge against overall long market risk and other position specific, non-market risk. The net long/short exposure at any given point in time depends upon a number of factors, including the abundance of compelling investments available, the desired level of position specific hedges, the correlation with the market of both long and short portfolio positions, and the correlation of portfolio positions among each other. Waterloo will frequently purchase Exchange Traded Funds ("ETFs"), particularly the iShares Russell 2000 Index ("IWM") to either hedge all or part of the short portfolio.

Mutual fund investing involves risk, including loss of some or all principal. An investor should consider the investment objectives, risks, charges and expenses of the mutual fund carefully before investing. The prospectuses for the mutual funds may be downloaded from the SEC's website.

There can be no assurance that the objectives associated with any of our investment strategies will be met. Waterloo, at any time, may add, remove or modify any of the strategies it employs and this includes any of the significant investment strategies discussed above. These investments, methods and strategies involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

Risks associated with Waterloo's strategies

The material risks associated with Waterloo's strategies include, without limitation:

Methodology Risks: Waterloo's investment approach is intended to identify issuers they believe are "flawed" and the securities of which are currently overvalued by the market. The success of Waterloo's strategy necessarily depends both upon its analysis proving correct and the market recognizing the related mispricing.

Market Risks: A successful short strategy based upon overvaluation requires not only the correct identification of a mispriced security but the eventual recognition by the market of such mispricing in the form of a price adjustment. Profitable short selling also requires that such market awareness and price

2015 adjustment occur on a timely basis. Due to the cost of capital in maintaining short positions, as well as considerations of portfolio exposure and risk control, short positions cannot be maintained indefinitely irrespective of market price movements. Therefore, a short seller such as the Fund may be compelled to cover and close a short position before the desired price decline in fact occurs.

Systems Risk – The strategies used by Waterloo rely on proprietary databases and third party data sources, and are based largely upon using our Co-Portfolio Manager's years of experience in individual stock selection to identify what the Co-Portfolio Managers believe to be the important characteristics of valuation as well as other identified factors. As a result, any errors in the underlying data entry, database or the assumptions underlying the strategies may result in a portfolio acquiring or selling investments based on incorrect information. Additionally, data entry made by Waterloo may contain errors, as may the database system used to store such data. When strategies and data prove to be incorrect, misleading, flawed or incomplete, any decisions made in reliance thereon expose Waterloo to potential risks. For example, by relying on its strategies and data, Waterloo may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty strategies and data may prove to be unsuccessful. As a result, the portfolio could incur losses on such investments before the errors are identified and corrected.

Securities Lending Risk – Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a portfolio may lose money and there may be a delay in recovering the loaned securities. The portfolio could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain potential adverse tax consequences.

Swaps and Derivatives Risk – Waterloo may make use of swaps and other forms of derivative contracts. In general, a derivative contract (including options) typically involves leverage, i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. Derivative contracts may be privately negotiated in the over-the-counter market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty or the counterparty's guarantor. These transactions may also involve significant transaction costs.

Regulatory Risk – Investment management and the securities and financial industry generally are subject to a variety of governmental regulations. Recent efforts have included restrictions on short sales of certain securities and regulation of derivatives markets. It is possible that regulatory action could impose additional direct or indirect costs on Waterloo's portfolios, limit the strategies that Waterloo may pursue or adversely impact the desirability of certain classes of investments or the anticipated return on certain investments.

Additional Risks of Short equity strategies

In addition to the risks described above, some of the material risks associated with long/short equity strategies may include:

Short Selling Risk – A short sale involves the sale of a security that a portfolio does not own in the expectation of purchasing the same security (or a related derivative security) at a later date at

2015 a lower price. To make delivery to the buyer, the portfolio must borrow the security, and the portfolio is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the portfolio. In some cases, the lender may rescind the loan of securities. When a portfolio makes a short sale in the United States, it must leave the proceeds with the broker and it must also deposit with the broker an amount of cash or marketable securities sufficient under margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. As a result of margin calls, actions by the lender, changes in maintenance or other regulatory requirements or other matters, the portfolio may be forced to cover the short position at a time that is out of the control of the portfolio, resulting in losses or a failure to realize the value of the position. The extent to which a portfolio will engage in short sales depends upon Waterloo's investment strategy. In addition, global regulatory prohibitions on short sales may impair Waterloo's ability to implement its investment process. Bans may add additional constraints to a strategy, which may increase transaction costs as well as the time required to monitor compliance with the restrictions.

Leverage and Borrowing Risk – Waterloo's strategies utilize varying amounts of leverage, which involves the borrowing of funds from brokerage firms, banks, and other institutions and may also be embedded in financial instruments, including short sales, over-the-counter derivatives, options, swaps, and forwards, which enable investors to gain exposure to assets whose value exceeds the amount of capital necessary to obtain such exposure. The use of leverage allows Waterloo to increase its exposure to assets, such that total assets may be greater than capital invested. However, the use of leverage may also magnify the volatility – or the likelihood of short-term changes in value – of any portfolio. The effect of the use of leverage in a portfolio may result in greater losses to the portfolio than would be the case if leverage were not used.

ITEM 9: DISCIPLINARY INFORMATION

Neither Waterloo International Advisors nor any of its related persons (including management and IA Reps) have had any legal or disciplinary events in their past. Clients and prospective Clients can always view the CRD records (registration records) for Waterloo International Advisors through the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov. The CRD number for Waterloo International Advisors is 165107.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Waterloo has no information to disclose in this regard. Neither Waterloo nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or and associated person of any other Financial Industry activity.

ITEM 11: CODE OF ETHICS

Pursuant to SEC Rule 204A-1, Waterloo International Advisors has a Code of Ethics that promotes the fiduciary duty of Waterloo International Advisors and its IA Reps. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment adviser and its Clients and establishes policies and procedures to ensure that Waterloo International Advisors and its IA Reps place

the interests of the Clients first. The Code of Ethics requires that Waterloo International Advisors and its IA Reps adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires Waterloo International Advisors and its IA Reps follow industry “best practices” involving: confidential information, suitability of investments, personal trading on the part of Waterloo International Advisors and its IA Reps, outside business activities of IA Reps, and the disclosure of conflicts of interest.

A copy of the Adviser’s Code of Ethics is available upon request for any Client or prospective Client.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING **Conflicts of Interest**

Clients should carefully consider the conflicts of interest described here and, as applicable, in the mutual fund prospectuses.

Personal Trading – Waterloo has adopted the following policies and procedures designed to prevent front-running, scalping, and the misuse of inside information by Waterloo and its employees. Our policies are intended to ensure full conformity with the laws, rules and regulations of all governmental bodies and self-regulatory organizations that monitor our business activities and the highest ethical standards.

The term “Reportable Securities” means all securities in which a Supervised Person has, or acquires, any direct or indirect beneficial ownership except: (i) U.S. Government securities, (ii) money market instruments (e.g., bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other High Quality Short-term Debt Instruments), (iii) shares of money market funds, (iv) shares and holding in other mutual funds, including without limitation exchange traded funds (ETFs), and (v) units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds. Personal securities transactions made by Supervised Persons in (i), (ii), (iii), (iv), and (v) do not need to be reported to Waterloo.

It is Waterloo’s policy that no Supervised Person (or his or her family members) shall buy or sell any Reportable Security for his or her own account or for an account in which he or she has, or as a result of the transaction acquires, any direct or indirect beneficial ownership (referred to herein as a “personal transaction”).

Reportable Security Exception:

Private Placements of any kind (including limited partnership investments and venture capital investments) may only be acquired with special permission of the Chief Compliance Officer and, if approved, will be subject to continuous monitoring for possible future conflict. A request for approval of a Private Placement should generally be submitted at least one week in advance of the proposed date of investment.

ITEM 12: BROKERAGE PRACTICES

Waterloo will have full investment discretion with respect to the initiation of all portfolio securities transactions, as well as full authority to select broker-dealers to execute such transactions.

Brokerage Practices

2015 Waterloo maintains an account at instaquote to execute trades, borrow securities and maintain custody of its securities. The Broker will be allocated a portion of a portfolio's securities transactions, subject to principles of best execution. Waterloo may use other broker-dealers, in addition to instaquote, to effect transactions. Broker dealers will be selected based upon ability to obtain access and capacity from specific funds or fund families, administrative expertise, overall transaction costs, quality of execution, expertise in particular markets, the broker's reputation, experience and financial stability and the quality of overall service and familiarity both with investment practices generally and the techniques employed by Waterloo, subject at all times to principles of best execution.

Research and Other Soft Dollar Benefits

In addition to the foregoing principles of broker-dealer selection, Waterloo intends to allocate a portion of its brokerage business to brokers on the basis of certain considerations, including the investment research provided by such firms, securities allocation, the availability of margin or other leverage, familiarity with the investment techniques they employ, ability to borrow securities or other special execution capabilities or other services that will be provided. In so allocating brokerage, the commissions fees to such brokers will not necessarily represent the lowest commission rate available, but will reflect Waterloo's evaluation of the research and other brokerage related services supplied by such brokers and which benefit a particular portfolio, either alone or together with the other clients of Waterloo.

The research or other services obtained through a particular portfolio's brokerage allocations, whether or not directly useful to it, may be useful to Waterloo in connection with services rendered to other accounts or entities managed by Waterloo or its affiliates. Similarly, research or other services obtained by Waterloo or its affiliates for commissions paid to brokers in the course of managing other accounts may be useful to that portfolio. Waterloo, in considering the reasonableness of brokerage commission fees, will not attempt to allocate the relative costs or benefits of research or other services between any portfolio and other clients or entities managed by Waterloo or its affiliates except in limited circumstances where appropriate.

"Soft Dollar" Arrangements

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use commission dollars of their advisory accounts to obtain investment research, brokerage and other services (so-called "soft dollar" arrangements) that provide lawful and appropriate assistance to the manager in performing investment decision making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. Waterloo will utilize allocations of commission dollars under soft dollar arrangements solely (i) to pay for (i) certain expenses which would otherwise be borne by the Portfolio and other clients or entities managed by Waterloo, as described above (and which therefore do not involve the conflict of interest issues normally presented by "soft dollar" arrangements covered by Section 28(e)); (ii) to provide products or services that qualify as "research and brokerage services", within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of that Section; and/or (iii) in consideration of the referral of investors to a Portfolio, as described below.

Waterloo may also select brokers to execute transactions on behalf of a Portfolio in recognition of those brokers' referral or introduction of investors to the Portfolio or bearing the

compensation of third parties introducing investors or providing other marketing services. The transaction compensation paid to such brokers may be higher than that obtainable from other brokers not providing or paying for investor introductions or other marketing services. Waterloo believes that such practice can be advantageous to the Portfolios, as a Portfolio will be responsible for bearing marketing expenses, to the extent they are not paid through soft dollar arrangements. Moreover, increases in the Portfolio's assets by reason of investors referred by such brokers can create economies of scale that would reduce the Portfolio's overall rate of expense relative to capital. However, such increases in assets will also increase the management fees received by Waterloo.

ITEM 13: REVIEW OF ACCOUNTS

Waterloo reviews their portion of the portfolio of the mutual fund, at least quarterly. Waterloo employs various programs in which periodic reviews are conducted, which include consistency with investment objectives and strategy descriptions. More frequent reviews may be triggered by material changes in variables such as market, political or economic environment.

Reporting responsibility with respect to dual contract clients are generally provided by the relevant intermediary, and meetings with Waterloo's personnel are typically arranged through the intermediary. Waterloo provides written reports to the mutual funds' Board of Directors on a periodic basis and maintains contact with each mutual fund's administrative staff regarding that mutual fund's portfolio and transactions. Mutual fund investors receive statements at least quarterly from their respective administrators.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Waterloo does not have any referral arrangements with individuals who are compensated for such referrals, directly or indirectly. If Waterloo were to enter into such an arrangement, it would do so in compliance with applicable law and in accordance with Rule 206(4)-3 under the Investment Advisers Act.

ITEM 15: CUSTODY

In compliance with the rules under the Investment Advisers Act, client assets and securities are held at independent, qualified custodians.

Clients should receive statements, at least quarterly, from the qualified custodian that holds and maintains the client's investment assets. Mutual fund clients receive statements directly from the qualified custodian. Waterloo urges clients to carefully review official custodial records and compare them with statements from the relevant intermediary.

ITEM 16: INVESTMENT DISCRETION

Generally, mutual funds retain Waterloo on a discretionary basis upon execution of the investment management agreement with the client. Accordingly, Waterloo is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell.

- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for client accounts are effectuated.
- The prices at which securities are to be bought or sold, which may include dealer
- spreads or mark-ups and transaction costs

Investments for mutual funds are managed in accordance with the fund's investment objective, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the fund. Therefore, fund investors should consider whether the fund meets their investment objectives and risk tolerance prior to investing. Information about the mutual funds may be found in publicly available fund prospectuses, which may be accessed at the SEC's website.

ITEM 17: VOTING CLIENT SECURITIES

For any security that entails a voting right in the underlying company, Waterloo will not have or accept authority to vote Client securities. As Waterloo's investment strategy consists of strictly short sales; proxy voting does not apply.

ITEM 18: FINANCIAL INFORMATION

Waterloo International Advisors would be required to disclose additional financial information if it were to charge fees in advance, but as described in the "ADVISORY BUSINESS" section (pages 3-5 of this *FIRM BROCHURE*), Waterloo International Advisors charges all advisory fees in arrears, quarterly. In any case, Waterloo International Advisors, its management and IA Reps have no material financial information (e.g. bankruptcies, liens, judgments) in their backgrounds.