
Part 2A of Form ADV: *Firm Brochure*



Genesis Capital LLC

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March 30, 2016

This Firm Brochure provides information about the qualifications and business practices of Genesis Capital LLC ("Genesis", "GC" "firm", "we", "us" or "our"). If you have any questions about the contents of this Firm Brochure, please contact Brad Larson at 253-853-4900, 877-637-4900, or blarson@genesis-llc.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Genesis is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by our name or a unique identifying number, known as a CRD number. Our firm's CRD number is 126909.

Item 2 Material Changes

This Firm Brochure, dated March 30, 2016, is an amendment to our annual updating amendment, dated November 16, 2015.

Item 4 was updated to reflect Genesis Capital is no longer advising AAIFX. The Board of Trustees of AAIFX approved an interim advisory agreement that appoints an interim advisor, subject to shareholder approval. The assets under management of Genesis Capital have been updated to reflect a significant reduction.

Item 10 was updated to remove Chilton Capital Management, LLC; Coe Capital Management, LLC; Calamos Investments LLC (purchased Phineus Partners, LP); SeaBridge Investment Advisors, LLC; Tiburon Capital Management, LLC; Bridge City Capital, LLC, and Sterling Ridge Capital Management LP as sub-advisors management for the funds. In addition, to reflect that Crow Point Partners has been approved as a sub-advisor to the Funds.

Please be aware that other amendments may have been made to this brochure, which are not discussed in this summary, and consequently, we encourage you to read this version of our Firm Brochure in its entirety.

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Item 4 Advisory Business

Genesis is a SEC-registered investment adviser with its principal place of business located at 7191 Wagner Way, Ste. 302, Gig Harbor, Washington 98335. Genesis began conducting business in 2004. The firm is owned equally by N. Gary Price and Ronald Robertson, with Mr. Price as the CEO and Mr. Robertson as the President.

As discussed below, the principal business of Genesis is to provide investment advice to registered investment companies commonly referred to as mutual funds. Genesis is also in the process of liquidating three private investment funds and continues to serve as their investment adviser during their wind-down process.

INVESTMENT SUPERVISORY SERVICES

Genesis Capital, LLC provides investment advisory services on a discretionary basis to clients. These services are generally provided to commingled investment vehicles. Currently, Genesis provides investment advisory services to five clients, which include two series of the Northern Lights Funds Trust (SEC File No. 811-21720) and three private investment funds. The private investment funds, however, are currently in the process of liquidation and new or additional subscriptions in those private investment funds are no longer being accepted.

The Granite Harbor Alternative Fund (Symbol: GHAFX), and the Granite Harbor Tactical Fund (Symbol: GHTFX), were launched in September, 2011. .

The investment objective of GHAFX is to seek long-term capital appreciation and income with lower volatility as compared to equity and fixed income markets. GHTFX seeks long-term capital appreciation with moderate volatility compared to U.S. equity markets. The investment portfolios of GHAFX and GHTFX are managed by Genesis and/or various sub-adviser(s). In managing the investment portfolio of the two funds, Genesis may invest available funds in various kinds of pooled investment vehicles that pursue a variety of "alternative" investment strategies. Please read the prospectuses for these funds for details regarding the investment strategies that they employ or invest in, potential risks and fees. Important information regarding the mutual funds that Genesis manages can also be found at www.graniteharborfunds.com.

AMOUNT OF MANAGED ASSETS

As of December 31, 2015, Genesis actively managed \$65,780,679 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

Genesis' receives management fees based on the following:

- for GHAFX and GHTFX, Genesis receives annual management fees equal to 1.95% of the funds' average daily net assets,
- for private investment funds, annual management fees are generally 1.5% of the funds' net asset value with an incentive allocation (i.e., performance-based fee) of up to 10% of the quarterly profit, if any, charged to each fund investor subject to a loss carry forward provision.

Genesis receives management fees from the mutual funds on a monthly basis in arrears and management fees from private investment funds on a quarterly basis in advance. Incentive allocations are paid quarterly. Management fees are calculated by the mutual funds' or private investment funds' third-party administrator, who then arranges for payment to Genesis.

If Genesis recommends that another investment manager sub-advise a portion of a mutual fund client's portfolio, management fees paid to the sub-adviser are paid out of the management fee received by Genesis from the respective mutual fund client.

Additional Fees and Expenses: In addition to Genesis' fees, clients are also responsible for various fees and expenses, including, but not limited to, legal, accounting (including outsourced accounting), auditing and other professional expenses, organization expenses, investment expenses such as commissions, research expenses (including research-related travel), interest on margin accounts and other loans, custodial fees, and other expenses related to the purchase, sale or transmittal of assets.

All fees paid to Genesis are separate and distinct from the fees and expenses charged by open and closed-end mutual funds, ETFs, private investment funds and/or other pooled investment vehicles, which Genesis'

clients may invest in, to their shareholders, investors, members, limited partners and/or beneficial owners. These fees and expenses are described in each fund's prospectus or other offering documents. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the underlying fund also imposes sales charges, a client may pay an initial or deferred sales charge. Accordingly, clients may pay two layers of management fees, one directly to Genesis and one embedded in the net asset value of an underlying fund investment that is paid to an unaffiliated third-party investment adviser. Clients should review both the fees charged by underlying fund investments and Genesis' fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

PERFORMANCE-BASED FEES

As we disclosed in Item 5 of this Brochure, Genesis accepts a performance-based fee from private investment fund clients, when applicable. (**Mutual fund clients are not subject to a performance-based fee.**) Performance-based fees are calculated based on a share of capital gains on or capital appreciation of the assets of the client. Clients should be aware that performance-based fee arrangements may create an incentive for Genesis to recommend liquidation strategies which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, the existence of performance-based fee arrangements may create an incentive for Genesis to favor client accounts subject to such arrangements, all of which are winding down, in terms of the allocation of Genesis' time and attention because of the potential ability to receive a performance-based fee.

Genesis endeavors at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser; accordingly, Genesis takes the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and employees to favor performance-fee paying advisory clients because of our ability to earn more compensation from them;
2. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to that client's needs and circumstances;
3. We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts;
4. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment; and
5. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

Item 7 Types of Clients

Genesis provides advisory services to registered investment companies (i.e., mutual funds). Additionally, Genesis continues to provide ongoing advisory services to private investment funds that are currently in the process of liquidation. Genesis does not impose any requirements for opening or maintaining accounts.

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

METHODS OF ANALYSIS

Genesis uses several methods of analysis in formulating our investment advice and/or managing client assets:

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information provided by third parties.

Methods of Analysis, Sources of Information and Investment Strategies:

A. *Genesis' security analysis methods:*

With respect to Genesis' mutual fund clients, Genesis primarily recommends investments in other pooled investment vehicles (open and closed-end mutual funds, ETFs, limited partnerships, limited liability companies, and other types of pooled investment vehicles) or recommends other sub-advisers to manage portions of a mutual fund client's portfolio. Consequently, Genesis is engaged primarily in monitoring and analyzing other investment managers and investment funds, including their performance and strategies. We seek to understand the investment strategies and approaches utilized by interviewing the investment manager, examining available records (including, but not limited to, audited financial statements, offering memoranda, schedules listing actual holdings and past performance records), and reviewing and corroborating professional records.

B. *Main sources of information Genesis uses:*

Genesis utilizes financial databases, newspapers, magazines, books, directories and other available industry publications, as well as word of mouth from discussions with current and prospective managers, brokers, investment bankers and other investment professionals, and third-party providers, such as accountants and attorneys, to help understand investment strategies, and to learn more about potential investment managers. Genesis may meet with the investment managers of prospective investment funds, request their records and attempt to independently corroborate the information received, in order to reach conclusions as to the investment manager's reputation, risk profile, value added, consistency and resources (i.e. personnel, systems and size characteristics). All of the private investment funds which Genesis invests in for clients make their investment performance available, either publicly or privately, and Genesis gives considerable weight to the investment performance of these funds in determining their suitability for clients.

C. *Investment strategies used:*

Genesis recommends to clients various investment managers and pooled investment vehicles, which are engaged in a wide range of alternative investment strategies. These include long/short equity, long/biased equity or long-only equity, event driven, relative value, and tactical trading strategies. In implementing these strategies, a variety of financial instruments may be used and leverage may be employed. The full range of investment strategies used by mutual fund clients is set forth in their respective prospectuses.

INVESTMENT STRATEGIES

Mutual fund clients seek to achieve their investment objective by investing primarily in securities of (i) open-end investment companies (mutual funds), (ii) closed-end funds, (iii) exchange-traded funds ("ETFs"), (iv) limited partnerships, (v) limited liability companies, (vi) other types of pooled investment vehicles, (vii) exchange-traded notes (ETNs), and equity securities. Funds or pooled investment vehicles that mutual fund clients invest in will in turn invest, long or short, primarily in a combination of (i) fixed income securities, including high yield bonds, (ii) equity securities (common and preferred stock), (iii) options, (iv) futures, (v) forwards or (vi) swap contracts on (a) commodities, (b) financial indices, (c) foreign currencies, or (d) equity indices. Mutual Fund clients will generally invest without restriction as to capitalization, country, credit quality or trading currency.

RISK OF LOSS

Genesis recommends various types of investments that expose clients to different kinds of investment risk. Additionally, alternative investments such as private investment funds that are recommended to clients generally expose the client to heightened levels of liquidity, credit, and counterparty risks. Investing in securities involves risk of loss that each client should be prepared to bear.

- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.
- **Counterparty and Credit Risk.** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any

clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.

- *Interest-Rate Risk.* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk.* The price of any security, including bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk.* When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk.* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk.* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Margin Risk.* Borrowing from banks, brokerage firms and other financial institutions is known commonly as margin. Borrowed funds are invested in additional securities. Gains made with additional funds borrowed will generally cause the value of a portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the value of a portfolio could decrease faster than if there had been no borrowing. In connection with borrowing, the borrower may be required to reduce its borrowing on a timely basis in the event the value of assets falls below the coverage requirement of the margin limitations. If there is such a required reduction of borrowing, the borrower could be required to liquidate securities positions at times when it might not be desirable or advantageous to do so.
- *Foreign Market Risk.* The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States.
- *Sub-Adviser Risk.* Genesis may recommend the use of sub-advisers for its mutual fund client accounts. Genesis performs and will continue to perform ongoing due diligence of such sub-advisers, but such recommendations rely, to a great extent, on the sub-adviser's ability to successfully implement their investment strategy. In addition, Genesis does not have the ability to supervise sub-advisers on a day-to-day basis. Sub-advisers may have had historical success, but such success does not guarantee any future success.
- *Pooled Investment Vehicle Risk.* Genesis may recommend investments in privately placed pooled investment vehicles (some of which may typically be called "hedge funds"). The managers of these pooled investment vehicles have broad discretion in selecting investments. As a result, there are generally few limitations on the types of securities or other financial instruments which may be traded, generally no diversification requirements, and such pooled investment vehicles may utilize margin or other forms of leverage, which generally increases the investment risk. Privately placed pooled investment vehicles are not registered as investment companies and therefore lack the benefits of regulation. Furthermore, there is a general lack of transparency with respect to these investments, which may force Genesis to rely on the accuracy and completeness of the representations of the pooled investment vehicles and their managers, and there is no secondary trading market available for these securities which generally make them illiquid. There are numerous other risks in investing in these types of securities.
- *High Yield Securities.* "High yield" bonds and preferred securities, which are rated in the lower rating categories by the various credit rating agencies, are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as

open-end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies and the market price for a share of an ETF may fluctuate from the value of its underlying securities. Consequently, ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread”, which generally varies based on the ETF’s trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

- *Exchange-Traded Notes (ETNs)*. An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks associated with ETNs include the risk that the ETN issuer may be unable to repay the principal, interest (if any), and any returns at maturity or upon redemption. In addition, the trading price of an ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

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

On September 18, 2014, an Order instituting Administrative and Cease-and-Desist Proceedings (Investment Advisers Act of 1940 Release No. 3924) (the “Order”) was entered against N. Gary Price by the U.S. Securities and Exchange Commission, which found that Mr. Price, in his capacity as Chief Compliance Officer of Strategic Capital LLC (“SCG”), failed to carry out his responsibilities to implement SCG’s compliance policies and procedures, which resulted in certain compliance failures. Furthermore, the Order found that Mr. Price signed regulatory filings that stated that SCG did not engage in principal transactions, which was an untrue statement. Without admitting or denying the allegations, Mr. Price agreed to pay a \$50,000 penalty to settle the charges against him.

Item 10 Other Financial Industry Activities and Affiliations

Management personnel of Genesis are separately licensed as registered representatives of RP Capital LLC, an affiliated broker dealer. These individuals, however, do not effect any securities transactions for mutual fund clients nor does any other person who is affiliated with Genesis Capital or its affiliates effect securities transactions for mutual fund clients.

Gary Price and Ronald Robertson are the Managing Members of Genesis. Mr. Robertson is also a Managing Member SCA Holdings LLC, which owns 100% of Strategic Capital Alternatives LLC (“SCA”), which is a SEC registered investment adviser. The advisory services delivered by SCA are generally distinct from those provided by Genesis and are rendered for separate compensation. Clients of SCA may be investors or shareholders of Genesis’ clients. SCA and their officers or employees may receive support service fees from Genesis for providing relationship management and back office, administrative, and custodial support to SCA clients that have made investments in Genesis’ clients—SCA Holdings owns a 75% ownership interest in SAS Partners LLC.

Gary Price and Ronald Robertson are also minority owners of Aspen Grove Equity Solutions, LLC, an Oregon limited liability company that owns 68% of Private Advisory Group LLC, an SEC registered investment adviser. Clients of Private Advisory Group LLC may be investors or shareholders of Genesis’ clients.

The Granite Harbor Alternative Fund and Granite Harbor Tactical Fund have an investment in a promissory note issued by Aequitas Commercial Finance, LLC. Aequitas Capital Management, Inc. is the manager to Aequitas Commercial Finance, LLC. Aequitas Capital Opportunities Fund, LP is a 25% owner of SCA Holdings LLC.

Genesis General Partner LLC serves as the general partner to two of the three remaining private investment funds for which Genesis serves as the investment adviser. As the general partner, Genesis General Partner LLC may receive management or performance-based fees from private investment fund clients or share in

management or performance-based fees paid by private investment fund clients to Genesis. SCA has an expense sharing agreement with Genesis pursuant to which expenses such as office rent, administrative services, and office supplies are shared between the parties.

As noted above, Genesis serves as the investment adviser to two series of the Northern Lights Funds Trust, a registered investment company. Genesis has established a relationship with a third-party investment adviser, Crow Point Partners, who serves as an investment sub-adviser to the two mutual fund clients.

Genesis may occasionally trade the same or similar securities in client portfolios that are traded by SCA for their client portfolios. When this occurs, our clients may receive a better or worse price or execution than SCA depending on the order of trade execution, the type of security traded, and the broker-dealer used. While Genesis and its affiliated investment advisers endeavor not to share their portfolio management recommendations amongst one another, such recommendations may, on occasion, be shared with Genesis' affiliated investment advisers, which creates a potential conflict of interest. We have established written policies and procedures that require, in those circumstances, that Genesis treat the advisory clients of any effected affiliated investment adviser on an equal and fair basis with its own clients and vice versa.

Genesis endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address conflicts of interest that may arise as a result of the financial industry activities and affiliations of Genesis and its supervised persons:

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests that arise as a result of such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of being a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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.

Genesis 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 transaction 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 securities in a limited offering (e.g., private placement) or an initial public offering. Our code also includes oversight, enforcement and recordkeeping provisions.

Genesis's Code of Ethics prohibits 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 that violates the law.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy from Brad Larson by emailing blarson@genesis-llc.com or by calling us at 877-637-4900.

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, related persons may have an interest or position in certain securities which may also be recommended to a client. This may create a potential conflict of interest as Genesis or its affiliated persons may have an incentive to trade in certain securities on behalf of their personal accounts before recommending or placing trades for those securities on behalf of clients or an incentive not to recommend or place a sell order for a certain security for clients in order to protect the value of their personal account investment.

We have established the following policies and procedures to address conflicts of interest that may arise between Genesis, including its affiliated persons, and our clients and to ensure that our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell 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.
- It is the express 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.
- Our firm requires its supervised persons to obtain prior approval before acquiring a beneficial ownership interest in an IPO or private placement investment.
- 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/her designee.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

For securities transactions executed in mutual fund client accounts over which Genesis has direct portfolio management responsibility, Genesis generally places those orders with the mutual fund client's prime broker, subject to obtaining best execution. When Genesis selects other private investment funds for inclusion in the two mutual fund portfolios it manages, there are generally no commissions generated on these transactions and no broker is involved. For mutual fund client accounts managed by sub-advisers, Genesis does not exercise discretion over the selection of brokers by those sub-advisers nor does it exercise discretion over the selection of brokers used by the managers of the private investment funds and other pooled vehicles that its mutual fund clients invest in.

Genesis does not have any formal soft-dollar arrangements. However, the broker-dealers used to execute client transactions may make available to us, without any action on our part, research-related products or services that we may use to service all or a substantial number of our clients' accounts. In receiving these benefits, Genesis may have an incentive, because Genesis does not have to produce or pay for this research on its own, to allocate brokerage to those broker-dealers that have provided research that has assisted Genesis in its investment decision-making process, which could result in commissions (or markups or markdowns) higher than those charged by other broker-dealers. Genesis does not intentionally direct client brokerage to broker-dealers for the purpose of receiving these types of benefits, but will consider the value of these benefits when assessing whether clients are receiving best execution.

In selecting brokers and negotiating commission rates, Genesis will take into account the financial stability and reputation of brokerage firms, as well as the brokerage, research and related execution services provided by such brokers. Genesis does not place or execute any trades on behalf of its mutual fund clients with RP Capital.

The broker-dealers used to execute client transactions may also refer, without any action on our part, potential shareholders to the mutual funds that are advised by Genesis. This creates a potential conflict of interest because increased sales of those funds' shares will generally result in increased advisory fees for Genesis. Genesis, however, does not consider the receipt of client, investor, or shareholder referrals when selecting or recommending broker-dealers to clients.

Item 13 Review of Accounts

The portfolios of mutual fund clients are overseen by Genesis as well as the Board of Directors of the mutual funds. Genesis performs formal reviews of each mutual fund client's holdings at least quarterly. These reviews are performed by Gary Price, Managing Member, and Mike Dubinsky, Chief Financial Officer.

Informal reviews of each mutual fund client's holdings, however, are performed daily. Genesis provides reports to the Board of Directors of its mutual fund clients on a quarterly basis that describe each mutual fund client's prior quarter's performance relative to the benchmark and updates on the distribution of each mutual fund's shares.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Genesis does not pay referral fees to independent persons or firms ("Solicitors") at this time for introducing clients to us or shareholders to the mutual funds that we advise. However, Genesis may enter into referral fee arrangements with unaffiliated persons. These arrangements will comply with Rule 206(4)-3 requirements under the Advisers Act. It is Genesis's policy not to accept or allow Genesis or our supervised persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in connection with the advisory services we provide to our clients.

SERVICING FEES

Genesis may pay fees to affiliated investment advisory firms (SCA) for providing back-office, administrative, custodial support, and clerical services to SCA clients that have invested in the mutual funds for which Genesis serves as the investment adviser. Such fees are paid by Genesis, not the mutual funds or their underlying shareholders, and do not add any additional fees or expenses to mutual fund shareholders.

Item 15 Custody

Genesis has custody over the funds and securities of its private investment fund clients because its affiliated entity serves as the general partner or managing member of those private investment funds. These private investment funds, however, are audited annually by an independent public account and those audited financial statements are sent to each investor of a private fund client. Genesis does not have custody over the funds and securities of its mutual fund clients.

Item 16 Investment Discretion

Genesis' clients have hired Genesis to provide discretionary asset management services, in which case we make investments 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 used to execute client transactions; and/or
- to negotiate commissions on behalf of clients

Genesis does not allow the investors of its pooled investment vehicle clients to determine which securities and the amounts of securities that are bought or sold in a client's account.

Item 17 Voting Client Securities

Genesis will vote proxies for all securities held in client accounts over which it has direct portfolio management responsibility. Proxies relating to securities held in mutual fund client accounts directly managed by sub-advisers will be voted by the sub-adviser. In those circumstances where Genesis does vote, Genesis will vote them in the best interests of the client 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 copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision on how to vote proxies, and a copy of each written request for information on how Genesis voted proxies. If our firm has a conflict of interest in voting a particular proxy, we will retain an independent third-party to cast a vote.

To obtain a copy of Genesis' Proxy Voting Policy, or to find out how a specific vote was cast, please contact Michael Dubinsky (Chief Financial Officer) by e-mail at md@genesis-llc.com or telephone at 877-637-4900.

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 commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

We are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Genesis has not been the subject of a bankruptcy petition.