

## **Item 1 Cover Page**



## **Firm Brochure | Part 2A ADV**

December 31, 2016

This brochure provides information about the qualifications and business practices of Weatherbie Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 617-951-2550 and/or [lflanders@WeatherbieCapital.com](mailto:lflanders@WeatherbieCapital.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. Registration as an investment Adviser with the Securities and Exchange Commission (SEC) does not imply that the Adviser possesses a certain level of skill or training. Additional information about Weatherbie Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 – Material Changes**

Since Weatherbie Capital LLC’s (“Firm” or “Adviser” or “We”) last annual update of Form ADV Part 2A in March 2016, the Firm notes the following material changes:

Item 4 – Updated to reflect current strategy offerings.

Item 13 – Review of Accounts – updated to reflect change in review of the Specialized Growth strategy and to include the Specialized Growth Active Concentrated and Specialized Growth Passive Concentrated strategies.

### **Item 3 - Table of Contents**

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## **Item 4 – Advisory Business**

### ***Introduction***

Weatherbie Capital, LLC was formerly known as M.A. Weatherbie & Co., Inc. until January 2, 2014. There was no change to ownership, control, personnel, investment strategies, services or location. There was no change in the Advisers' Federal Tax Identification Number.

In 1995, the Firm was registered with the Securities and Exchange Commission (the "Commission") as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Adviser was formed to provide investment advisory services and management of client accounts for various institutions, individuals, private limited partnerships, investment companies, and other entities.

The Adviser specializes in the research and portfolio management of smaller growth equity stock portfolios, principally stocks traded on the New York Stock Exchange or NASDAQ market exchange and the portfolios may hold ADR's. We manage both long-only portfolios as well as long/short portfolios for our clients. The Private Funds may also invest in ETF's ("Exchange Traded Funds") and Exchange Traded Options as described the Funds' private placement memorandum. Cash is generally held in money market funds selected by the client and their custodian for separately managed accounts. Cash for our Private Funds are held at the custodian and may also be invested in a money market fund. As of December 31, 2016, the Adviser had \$861,390,368 in discretionary assets under management for clients and \$0 in non-discretionary assets under management for clients.

The Adviser currently manages or advises numerous advisory accounts and these accounts may have or will have investment objectives that are identical or substantially similar to other accounts. It is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected to result from several factors, including, without limitation, the following: different investment decisions made by the different portfolio managers assigned to the accounts; regulatory constraints that apply to certain accounts but not to others; investment constraints imposed by the client; and the amount of cash available for investment at certain times. As a result of factors such as these, accounts may have a different investment portfolio (and, as a result, different performance results) from other accounts even though the accounts have identical or substantially similar investment objectives. Portfolio managers are authorized to invest the assets of accounts for which they have investment responsibility. As a result, it is expected that the accounts will have different investment portfolios resulting from different investment decisions made by their respective portfolio managers.

Specialized Growth Equity Strategy ("SG") Inception date 6/30/1996. This strategy's primary objective is long term growth of capital. Clients may impose restrictions on investing in certain securities or types of securities by providing the Adviser with a list that the Adviser agrees to. All client assets invested through the separately managed account SG strategy are discretionary.

Specialized Growth Active Concentrated Strategy (“SGAC”) Inception date 7/1/2016. This strategy’s primary objective is long term growth of capital using a more concentrated number of portfolio holdings. The strategy holds 15 securities which are actively managed. Clients may impose restrictions on investing in certain securities or types of securities by providing the Adviser with a list that the Adviser agrees to. All client assets invested through the separately managed account SGAC strategy are discretionary. The principal of Weatherbie Capital, LLC is the sole investor in this strategy.

Specialized Growth Passive Concentrated Strategy (“SGPAS”) Inception date 7/1/2016. This strategy’s primary objective is long term growth of capital using a more concentrated number of portfolio holdings. The strategy holds 15 securities which are rebalanced to the 15 largest positions in the Specialized Growth portfolio, generally on a monthly basis. Clients may impose restrictions on investing in certain securities or types of securities by providing the Adviser with a list that the Adviser agrees to. All client assets invested through the separately managed account SGPAS strategy are discretionary. The principal of Weatherbie Capital, LLC is the sole investor in this strategy.

### **Private Funds**

The individual needs of the investors in the Funds are not the basis of investment decisions by the Firm. Investment advice is provided directly to the Funds by the Adviser and not individually to the Funds’ investors

Weatherbie Growth Fund, L.P., (“WGF”) - Inception date 12/19/1995 - WGF’s primary objective is long term growth of capital and the deferral of long term capital gains. WGF cannot naked short sell securities but can short against the box or short ETF’s. WGF target investors are primarily high net worth individuals. WGF is managed the same way as the SG strategy but provides investors, who are below the Firm’s separate account minimum, a vehicle to invest in the same strategy. Partners in the fund may not impose restrictions on investing in certain securities or types of securities. All assets in the WGF are discretionary.

Weatherbie Long/Short Fund, LP (“WLSF”) - Inception date July 1, 2006 – WLSF’s primary objective is to outperform the major market indices on a long term risk-adjusted basis with lower correlation to and lower volatility than the major market indices using minimal leverage. Partners in the fund may not impose restrictions on investing in certain securities or types of securities. All assets in the WLSF are discretionary.

### **Subadvisory Relationships**

The Adviser is a sub-adviser to the Liberty All-Star Growth Fund, a closed end mutual fund registered under the Investment Company Act of 1940 (“IC Act”). The Firm became a sub-adviser to the Fund in May 1999.

The Adviser is a sub-adviser to the Persimmon Long/Short Fund, a mutual fund registered under the IC Act. We became a sub-adviser to the Fund in January 2013.

**Weatherbie Hedged SMA strategies (“SMA”) including Weatherbie Long/Short Concentrated, Weatherbie Alpha, Weatherbie Alpha Concentrated**

The Weatherbie SMA strategies are derived from the WLSF strategy.

Weatherbie Alpha (“SMALPH”) (inception date 7/1/2013) utilizes a dollar neutral strategy using the same holdings as WLSF, but the net exposure can range from -20 short to +20 long. The principal of Weatherbie Capital, LLC is the sole investor in this strategy.

Weatherbie Alpha Concentrated (“SMALCO”) (inception date 1/2/2013) utilizes a dollar neutral strategy based on a concentrated portfolio of 15 longs and 10 shorts and the net exposure range of -20 short to +20 long. The principal of Weatherbie Capital, LLC is the sole investor in this strategy.

Weatherbie Long/Short Concentrated (“SMCONC”) (inception date 1/2/2013), takes a concentrated approach to the top long and top short positions. The account uses 15 Longs and 10 Shorts. The strategy is directional long short. The principal of Weatherbie Capital, LLC is the sole investor in this strategy.

Clients may impose restrictions on investing in certain securities or types of securities by providing the Adviser with a list that the Adviser agrees to. All client assets invested in the Weatherbie Hedged SMA strategies are discretionary.

***Principal Ownership***

The Adviser was founded by Matthew A. Weatherbie in November, 1995. Weatherbie Holding, Inc. is the majority owner and no other individual owns 25% or more of the Adviser. The Adviser is a privately held Limited Liability Company.

**Item 5 – Fees and Compensation**

Clients are charged a management fee by the Adviser and may be charged other fees and expenses by their custodian. In addition, clients will incur brokerage and other transaction costs, detailed in Item 12.

**SG, SGAC, and SGPAS strategies** - After the account reconciliation with the Client’s custodian, the Adviser calculates the management fee either monthly or quarterly, at the client’s discretion. The bill presented to the client for investment advisory services is calculated in arrears, for the most recent monthly or quarterly period. The Adviser cannot automatically deduct fees from client accounts, although Clients may authorize payment of the Adviser’s fee from the account managed by the Adviser. In the discretion of the Adviser, institutional accounts that are or have been affiliated with each other may be treated as if their assets are aggregated for purposes of calculating the management fee. The Fee schedule is 1% on the first \$20 million, \$0.85% on the next \$40 million, \$0.75% on the next \$40 million and 0.60% thereafter. The fee schedule is negotiable

**WGF and WLSF are Private Funds** - The Funds' independent Administrator calculates the management fee. The fee is payable to the Adviser quarterly in arrears. The fee is deducted from the Fund soon after the independent Administrator has calculated the Fund's Net Asset Value ("NAV") and the Adviser has reviewed the NAV calculation. In addition, affiliates of the Adviser or Related Parties invested in the funds do not pay management fees.

In addition to management and incentive fees, limited partners in the Private Funds will bear indirectly the fees and expenses charged to the Funds. Those fees and expenses will vary, but typically will include fees associated with making or selling portfolio investments, legal, auditing, accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies. Investors should review all fees charged by the Adviser, its affiliates, and others to fully understand the total amount of fees to be paid by the Partnerships and, indirectly, their limited partners.

ETF's purchased for the private funds will bear additional expenses based on its pro rata share of the ETF's operating expense, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities the ETF holds. Transactions in ETFs also incur brokerage costs.

**WGF** - The management fee is 0.75% annually. This management fee is calculated monthly based on the average of the assets under management at the beginning and end of each month. The fee schedule is not negotiable.

**WLSF** – The annual management fee is equal to 1% of assets on the first \$100 million the fund has under management. Once the fund exceeds \$100 million under management, the fee is 1.5%. Fees are payable quarterly in arrears. This management fee is calculated monthly based on the assets under management as of the month end. The fee schedule is not negotiable.

**SMA** – After the account reconciliation with the Client's custodian, the Adviser calculates the management fee monthly. The bill presented to the client for investment advisory services is calculated monthly in arrears, for the most recent month. The Adviser cannot automatically deduct fees from client accounts, although Clients may authorize payment of the Adviser's fee from the account managed by the Adviser. The annual management fee is equal to 1% of assets under management as of the month end. The fee schedule is negotiable.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Adviser accepts performance-based fees. The Adviser manages both accounts that charge a performance based fee and accounts that charge an asset-based fee. The Adviser recognizes the inherent conflict of interest when managing accounts that charge a performance fee side-by-side with accounts that do not charge a performance fee. To mitigate this conflict, the Adviser has created a Trade Aggregation Policy to facilitate orderly and efficient execution of transactions. We generally aggregate the orders of all clients that are trading the same security at the same time. When we do so, participating clients generally receive the average price and share execution expenses proportionately and therefore clients which are charged a performance fee are not favored.

## **Item 7 – Types of Clients**

The Adviser's clients are generally Pension and Profit Sharing Plans, Trust, Estates or Charitable Organizations, Corporations, Family Offices, Fund of Funds, High Net Worth Individuals, Investment Companies, and it provides supervisory services to one or more investment partnerships or investment funds.

SG, SGAC, SGPAS, and SMA strategies - Clients are generally Institutional entities such as ERISA Plans, Corporations, Trusts, Endowments, and Foundations. For separately managed accounts invested in these strategies, the minimum account size is \$5 million, and the Adviser may waive this requirement. Since the client's assets are held in a separate account at the custodian or prime broker of the client's choice, the Adviser doesn't have custody over these assets. Separate investment advisory contracts are executed between the Client and Adviser that sets forth the details of the account.

WGF strategy and WLSF strategy - The Adviser also provides investment advice to private funds, WGF and WLSF. Investors in WGF and WLSF are primarily High Net Worth individuals, Trusts, and Fund of Funds. Those wishing to invest in our funds will receive the Fund's numbered Confidential Private Placement Memorandum, Limited Partnership Agreement, Subscription Agreement and Form ADV Part 2. Prospective Limited Partners should ***carefully*** review this material. The entire Subscription Agreement should be completed and returned to the third party Administrator. The Subscription Agreement sets out certain representations to the Fund that the prospective limited partner meets the funds requirements for becoming a limited partner.

Sub-Advised strategies – The Adviser also provides investment advice to mutual funds to which it sub-advises. The prospectus of each individual mutual fund sets out the terms, fees, risks, management and other important factors prospective investors should ***carefully*** review.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss** ***(for all of the Adviser's strategies)***

We seek long term growth of capital through emphasis on bottom-up stock-picking based on thorough fundamental research of portfolio candidates. We utilize a disciplined approach to stock valuation that tries to ensure companies owned have strong earnings growth but also are sound stock market values. We are only interested in considering for investment smaller companies of high growth and high quality. We believe the companies we invest in are among the best growth companies in America. We have developed a substantial base of knowledge on these companies and maintain active files on the majority of them. We have known and met with the managements of many of these companies over the years and have an extensive network of business contacts throughout the country. This universe is updated quarterly. This universe is constantly changing. Some successful smaller-sized companies grow too large and become fully-discovered, established growth stocks. Some suffer fundamental deterioration to the point



where they no longer qualify for inclusion on this select list. Some companies are merged into others or acquire others, requiring their removal from consideration and all relevant new companies coming public for the first time must be assessed for their suitability for eventual inclusion.

We believe the great majority of these elite growth companies will be found in six growth sectors of the economy; Consumer, Media, Health Care, Business Services, Diversified Business Services, and Technology.

Our proprietary research on portfolio candidates may include the following:

-the scrutiny of all relevant publicly filed financial documents including 10K's, 10Q's, annual reports, and other SEC filings.

-scrutiny of relevant trade journals, industry publications, newsletters, and relevant Wall Street research reports.

-attendance at investment conferences to hear public presentations by managements.

- interviews with the managements of companies being considered for investment at their headquarters.

-cross-checks of information gleaned from competitors, customers, suppliers, and a network of contacts cultivated over the years.

-the development of proprietary stock valuation analyses to attempt to ensure good companies are only purchased when they represent good stock market values.

-careful and continuous monitoring of stocks in the portfolio and the replacement of those that do not meet our expectations with others that do.

We seek to go long stocks with these characteristics:

- Sustainable earnings growth of at least 15% per year
- Significant, enduring competitive business advantage
- Minimum sustainable return on equity of 20%
- Strong balance sheet and free cash flow
- Proven entrepreneurial management with a vested interest in shareholder value
- Attractive valuation relative to company's growth and quality profile

We seek to short stocks with these characteristics:

Internally forecasted earnings will fall materially short of consensus due to:

- Deteriorating fundamentals
- Intensifying competition
- Slowing revenue growth
- Pressured margins
- Shrinking cash flow
- Low quality balance sheets

**Sell Discipline** - Investing by its nature is a “batting average” business and if a company falls short of our expectations for any non-trivial reason we will sell that stock. Nonetheless we expect our overall portfolio turnover to be below that of many growth managers.

We will also substantially reduce and possibly eliminate positions in stocks whose valuations, based on our proprietary valuations analyses become excessive. Our approach to valuation is judgmental and interpretive rather than a “black box” hard and fast rule because as interest rates, the economy, tax rates, and market psychology change, so do relevant valuation parameters.

**Investment Philosophy** - At our core, we are quality growth stock investors. Our investment philosophy is to own **long** positions in smaller growth companies that can demonstrate both strong earnings growth and high investment quality over time, and which are reasonably priced relative to their growth and quality. We refer to these companies as “Foundation” growth stocks, as they are expected to consistently meet or exceed our forecasts, and they typically represent two-thirds of account assets. We also believe that we should be positioned to take advantage of pricing distortions that arise when growth companies temporarily disappoint investors. We typically invest up to one-third of our long portfolio in what we call “Opportunity” growth stocks, i.e., companies that we know very well where earnings have been temporarily depressed and we believe that change is under way which will reaccelerate earnings growth. We believe by focusing our long investments on Opportunity growth stocks as well as Foundation growth stocks, we will capture earnings growth in two ways, adding incremental value.

On the **short** side, we look for deteriorating fundamentals such as intensifying competition, slowing revenue growth, pressured margins, shrinking cash flow and worsening balance sheets. We believe changes in fundamentals lead companies to fall short of consensus expectations, triggering price declines.

**Investment Process** - The investment team is responsible for idea generation and managing current positions across the relevant portfolios. The President has inculcated the firm with his long held beliefs of what makes for a successful investment. All portfolio manager / analysts are generalists, with coverage across several sectors:

- Each portfolio manager / analyst has primary responsibility over two to three major growth sectors from which to research companies of potential investment interest.
- Each member of the investment team is responsible for buy and sell decisions. Our decision-making process is bottom-up. We conduct extensive fundamental research, meeting with senior and operating management, conducting site visits, checking with suppliers / competitors / end users, and culminating in development of our long-term proprietary financial projections and models. Various valuation methodologies are then applied to gauge the absolute and relative attractiveness of the position, which impacts relative position sizing in the account. We invest only when the risk/reward ratio appears to be highly favorable.

***Specific to Long/Short Fund and Long/Short separately managed accounts***

The Fund is managed by multiple managers/analysts employed by the Adviser and uses a research driven approach to identify both long and short investment opportunities. The Fund

will invest in approximately 60 long positions and approximately 40 short positions, generally in stocks with less than \$15 billion in market capitalization.

Long Investments - The Adviser believes that it can identify attractive long investment opportunities through intensive fundamental research. Long investments will generally be made only after thorough fundamental research on portfolio candidates, including checks with proprietary information sources and interviews with candidate managements.

Short Investments - The Adviser expects the short investments of WLSF to be in companies the Adviser believes to have poor or deteriorating financial performance that is likely to cause a downward re-rating of the company's stock price. Such short candidates will generally have a record of destruction of economic shareholder value by earning a rate of return on invested capital that is below the cost of such capital, lack a sustainable competitive advantage, have a weak or deteriorating balance sheet, and have an unaccomplished management team. Alternatively, WLSF's assets may be invested short in companies the Adviser believes have a short-term record of accomplishment, but are likely to face a near-term change in their business (e.g. slowing product cycle, new competition or a negative FDA decision) that is likely to cause a significant earnings setback. The Adviser expects that such short candidates will be found primarily in the same sectors as the growth companies that compose the long investments.

The Adviser believes it can identify attractive short investment opportunities through the same intensive fundamental research process utilized to uncover long investment opportunities. All short investments will be continuously monitored, and those companies that do not experience the expected deterioration in business prospects or stock price will be considered for replacement in the portfolio.

### ***Principal Investment Risks (for all of the Adviser's strategies)***

Investing in securities involves the risk of loss that clients and investors should be prepared to bear.

Smaller companies risk - Investing in securities of smaller capitalization companies may involve greater volatility than investing in larger more established companies because smaller capitalization companies can be subject to more dramatic and volatile share price changes than larger, more established companies due to investor perceptions of the issuing company's earnings growth potential.

Diversification - The Client's account may be exposed to market risk due to many factors, including the movements in interest rates, indexes, market volatility, and security values underlying these instruments. The Client's portfolio may at certain times hold a few security positions that are relatively large in relation to its capital, with the result that a loss in any such position could have a material adverse impact on the Client's portfolio.

Initial Public Offerings ("IPO") or ("New Issues") - New Issues are when shares of a company are issued for the first time to the stock exchange. Investor's may have heard the term 'going public' as well. Risks associated with purchasing an IPO include a lack of publically available historical information about the company and no quarterly financial filings with the SEC to

enable the level of in-depth, fundamental research that can be conducted on a company that is already public.

***Principal Investment Risks (for investment partnerships, funds or separately managed accounts employing a long/short investment strategy)***

**Further explanation and details of risk are contained in the Private Placement Memorandum (similar to a Prospectus) but used in connection with investment in a private limited partnership, commingled pool or hedge fund.**

Exchange Traded Fund (“ETF”) – ETF’s will bear additional expenses based on its pro rata share of the ETF’s operating expense, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities the ETF holds. This transaction also incurs brokerage costs.

***Principal Investment Risks Specific to Weatherbie Growth Fund***

Sell short ETF’s - A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the client of buying those securities necessary to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of securities to rise further, thereby exacerbating the loss. As a result, short sales create the risk that the Partnership's ultimate obligation to satisfy the delivery requirements may exceed the amount of the proceeds initially received or the liability recorded in the statement of asset and liabilities.

Sell Short Against the Box - WGF may sell short securities that it currently holds long in its portfolio, otherwise known as “against the box,” in anticipation of a decline in the market price for such securities in order to hedge portfolio positions. Upon entering into a short position, WGF records the proceeds as “due from broker” in its statement of assets, liabilities and partners’ capital, and establishes an offsetting liability for the securities due under the short sale agreement. WGF may opt to purchase the short position at the market price at the time of delivery instead of delivering the long portfolio position. WGF would realize a gain if the security declines in prices between the date of the short sale and the date on which WGF purchased the security. WGF may incur a loss as a result of the short sale if the price of the security increases and WGF purchases the security in lieu of delivering the long position portfolio.

Surrendering the long position to close the short does not incur brokerage costs, although if the short is closed out by purchasing the security in the market, it would incur brokerage costs.

***Principal Investment Risks Specific to Long/Short investment strategy***

Selling Short Individual Securities ‘naked short’ or shorting ETF’s - A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the client of buying those securities necessary to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can

itself cause the price of securities to rise further, thereby exacerbating the loss. As a result, short sales create the risk that the strategy's ultimate obligation to satisfy the delivery requirements may exceed the amount of the proceeds initially received or the liability recorded in the statement of asset and liabilities.

Use of Leverage - The strategy does not intend to purchase securities on margin or otherwise borrow in its investment program. However, the strategy intends to invest in instruments, such as options and other derivatives, in which leverage is implicit. Thus, many risks associated with leverage may still apply to investments in the strategy.

Use of Options - The Long/Short strategy allows for the use of options. The strategy may buy or sell (write) both equity and index call options and put options, and, when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Partnership's options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Partnership would benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, and without taking into account other positions or transactions the Partnership may enter into, the principal risks involved in options funding can be described as follows:

When the strategy buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the strategy investment in the option (including commissions). The strategy could mitigate those losses by selling short the securities to which it holds call options or taking a long position (e.g., by buying the securities or buying options on them) on securities' underlying put options.

When the strategy sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, an increase in the market price of the security above the exercise price would cause the strategy to lose the opportunity for gain on the underlying security (assuming the security was purchased for less than the exercise price). If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the strategy might suffer as a result of owning the security. The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security's price below the exercise price would cause the strategy to lose some or all of the opportunity for profit on the "covering" short position assuming the strategy sold short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the strategy might suffer in closing out its short position.

### **Item 9 – Disciplinary Information**

As of December 31, 2016, there are no legal or disciplinary actions involving the Adviser or any of its affiliates.

### **Item 10 – Other Financial Industry Activities and Affiliations**

The Adviser may recommend to clients that they purchase interests in investment partnerships or funds for which the Adviser serves as investment adviser and in which the Adviser and related persons have a financial interest. The Adviser and such related persons will fully disclose such financial interests to all clients to which such recommendations are given.

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

The Adviser has adopted an Employee Code of Ethics and Personal Trading Policy and Procedures (the “Code”) that sets forth: (I) the standard of business conduct expected and required of all Weatherbie Capital, LLC (“Adviser”) Employees; (II) the policy and procedures pertaining to personal trading and causing the trading of securities while in possession of confidential information and Material Non-Public Information; and (III) Employee reporting requirements as required under Rule 17j-1 of the Investment Company Act of 1940, as amended (“Investment Company Act”) and Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”). All employees of the Adviser are considered Access Persons and are required to provide written acknowledgement to the Adviser that they have read and understand the Code. The Code requires employees of the Adviser to submit securities holdings reports, quarterly transactions reports, and transaction pre-clearance requests to the Adviser’s Chief Compliance Officer.

To avoid any potential conflicts of interest involving personal trades, the Adviser has adopted a Code of Ethics, which requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Firm above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Adviser's Code of Ethics also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Company with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

The Adviser forbids any Employee, manager, director or officer of Weatherbie (each an "Employee") from trading, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law. This conduct is often referred to as "insider trading."

The Adviser will provide a copy of the Code of Ethics to any current or prospective client or to any shareholder upon request.

## **Item 12 – Brokerage Practices**

**Research and Other Soft Dollar Benefits** - The Adviser may, without limitation, determine the amount of securities to be bought and sold for its clients on a discretionary basis as long as this action does not violate the client's investment policy guideline or contractual agreement. Examples may include prohibitions against owning a certain group of stocks like tobacco or alcohol.

The Adviser recommends to clients which broker is to be used in placing client trades and negotiates fees for brokerage services for its clients. A few examples of the types of factors considered in the selection of a broker-dealer are: the type of security being traded, the size and type of the transactions, the nature and character of the markets for the security to be purchased or sold, execution and clearance and settlement capability of the broker-dealer, the broker-dealer's access to "IPO"s or secondary stock offerings, provision of research or other information.

The Adviser has the ability and authority to enter into soft dollar arrangements. The Adviser works within the framework of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. The safe harbor allows the Adviser to negotiate with and assign to a broker a commission which may exceed the commission that another broker would have charged if the Adviser determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage, and/or research services provided by such broker. The Adviser evaluates the value of a broker's services and the reasonableness of a broker's commissions taking into account the following types of research services which the broker may provide: online and paper databases and subscriptions furnishing fundamental and technical data about

particular companies and industries in which the Adviser has an interest, the accessibility to meet with issuers' management teams and access to broker-sponsored conferences and the brokers own proprietary research. As a result of using brokers who offer soft dollar services, the Adviser is more likely to recommend the use of those brokers to execute client transactions. However, the research services obtained from brokers in this manner are used for the benefit of all clients of the Adviser.

Brokerage for Client Referrals - The Adviser does not direct brokerage to any broker-dealer in return for Client Referrals.

Directed Brokerage - If instructed by a client and agreed to by the Adviser, the Adviser will effect all transactions on such client's behalf through a specified broker, unless it is not possible to effect a particular brokerage transaction through such broker. By effecting brokerage transactions through a specified broker for a particular client, such client may not receive best execution in certain transactions for reasons including but not limited to the following: (i) the Adviser will not negotiate brokerage commissions on behalf of such client; (ii) such client will forgo benefits from savings on execution costs that may otherwise be obtained, such as block trading or aggregating client orders; (iii) the client may incur brokerage charges which are higher than those incurred by other clients of the Adviser; (iv) potential conflict of interests may arise from such directed brokerage arrangement, and (v) Clients who have directed brokerage arrangements will often have their trades executed after those clients who are not subject to any such restriction.

### **Item 13 – Review of Accounts**

Client assets managed by the Adviser, using a multiple portfolio management structure, are reviewed and monitored daily, weekly and monthly on an informal basis and formally on a quarterly basis. The individual's responsible for these reviews by strategy is outlined below.

George Dai, Senior Managing Director and Chief Investment Officer, is the Lead Portfolio Manager on the Specialized Growth strategy and performs all account reviews on behalf of our Specialized Growth Equity strategy. Clients having separately managed accounts invested in the Specialized Growth strategy receive from the Adviser quarterly account reviews that discuss investment performance, the securities held in their account, show the total dollar value of the client's account, and discuss the factors that have combined to create the performance. Finally, a brief outlook for the account as assessed by the Adviser is provided.

Matthew Weatherbie, President, CEO, and Senior Portfolio Manager is the Portfolio Manager on the Weatherbie Growth Fund, LP and performs all account reviews on behalf of the Weatherbie Growth Fund, LP; Limited partners of Weatherbie Growth Fund receive a quarterly statement of their capital account along with a two page letter discussing performance, holdings, and other activities relevant to the fund. These reports are made available through the website of the independent Administrator, Apex Fund Services.

George Dai, Senior Managing Director and Chief Investment Officer, is the Lead Portfolio Manager on the Weatherbie Long/Short Fund and performs all account reviews on behalf of our



long/short strategy. Limited Partners receive a quarterly statement of their capital account along with a two page letter discussing performance, holdings and other activities relevant to the fund. These reports are made available through the website of the independent Administrator, Apex Fund Services.

Daniel Brazeau, Managing Director. Dan is the Product Manager on the Weatherbie Hedged SMA strategies. Dan performs all account reviews on behalf of any SMA Hedged client.

Daniel Brazeau, Managing Director. Dan is the Portfolio Manager on the Specialized Growth Passive Concentrated strategy. Dan performs all account reviews on behalf of our Specialized Growth Passive Concentrated strategy.

Edward Minn, Principal. Ed is the Portfolio Manager on the Specialized Growth Active Concentrated strategy. Dan performs all account reviews on behalf of our Specialized Growth Active Concentrated strategy.

#### **Item 14 – Client Referrals and Other Compensation**

The Adviser does not have any Agreements with any outside third party to refer clients to the Firm for compensation.

#### **Item 15 – Custody**

##### **Separately Managed Accounts**

All funds and securities of the separately managed accounts are maintained with a qualified custodian. Custodial statements are provided to all clients no less than quarterly and clients should review those statements. The Adviser also urges all clients to compare the account statements received by their custodian with the account statements received by the Adviser.

##### **Private Funds**

The Adviser is deemed to have custody over the client assets held in the limited partnerships due to the Adviser's access to the funds and assets of the partnership as the General Partner. The funds in the limited partnership are held at a Qualified Custodian although the Qualified Custodian does not deliver statements to limited partners. The Limited Partnerships have an independent third party Administrator who prepares client statements on a monthly basis. In addition, the limited partnerships are audited by KPMG, LLP, a Public Company Accounting Oversight Board ("PCAOB") registered member firm subject to peer review. Audited financial statements for the limited partnerships are prepared and delivered within 120 days after the fiscal year end (December 31).

### **Item 16 – Investment Discretion**

The Adviser accepts discretionary authority to manage assets on behalf of clients and limited partners pursuant to the terms of authority granted in the written investment advisory agreement. As noted previously, clients may choose to limit the discretionary authority of the Adviser by placing restrictions on the management of their accounts. Investors in the Private Funds do not have authority to place restrictions on the management of the Funds.

### **Item 17 - Voting Client Securities**

The Adviser has the authority to vote proxies, unless the client specifically directs otherwise via the investment advisory agreement. Clients can obtain the Adviser's Proxy Voting Policy and information on how proxies were voted by submitting a request to the Adviser.

The Adviser has engaged Broadridge as its voting delegate to handle administrative functions of proxy voting and maintain records of proxy statements and records of votes cast. The Director of Administration & Corporate Operations ("Director") is responsible for overseeing the Broadridge relationship. Notwithstanding the foregoing, the Adviser retains final authority and fiduciary responsibility for proxy voting.

When a client has delegated responsibility for voting proxies to the Adviser, the Adviser obtains and evaluates the proxy materials related to the securities being voted. Prior to a proxy voting deadline, the Adviser determines how to vote on each proxy proposal based on its analysis of the information it has received from Broadridge and referring to the Adviser's proxy voting guidelines. When determining how to vote a proxy, the Adviser considers only those factors that relate to the client's investment. Where applicable, the Adviser also will consider any specific guidelines designated in writing by a client. The Adviser generally votes in favor of routine matters, such as election of members to the board and appointment of auditors. Non-routine matters are voted in a manner that the Adviser determines is in the best economic interest of the client. Generally the Adviser will vote against items that may have a material adverse impact on shareholder's rights or on the economic value of the stocks to which the proxy relates, including poison pill proposals, staggered boards, golden parachutes and other similar proposals. There may be times when the Adviser determines that refraining from voting a proxy is in the client's best interest, such as when the cost of voting a proxy exceeds the expected benefit to the client.

If a material conflict of interest with respect to a proposal is identified by the Adviser, the Adviser may: (1) fully disclose the nature of the conflict to the client and obtain the client's consent as to how the Adviser shall vote on the proposal; (2) contact an independent third party to recommend how to vote on the proposal and vote in accordance with the recommendation of such third party; or (3) vote on the proposal and detail how the Adviser's material conflict did not influence the decision-making process.

### **Item 18 – Financial Information**

The Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.