

FORM ADV PART 2A: FIRM BROCHURE

MARCH 29, 2017



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This Brochure provides information about the qualifications and business practices of Value Monitoring, Inc. ("VMI"). If you have any questions about the contents of this Brochure, please contact us at 650-451-3410 or by email client@valuemonitoring.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about VMI also is available on the SEC's website at www.adviserinfo.sec.gov.

As a registered investment adviser with the SEC, VMI is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an investment adviser is not an indication that VMI or its directors, officers, employees or representatives have attained a particular level of skill or ability.

ITEM 2: MATERIAL CHANGES

Since the last annual update to VMI's Brochure on February 24, 2016, the following material changes have been made:

- Mark Levenson is no longer affiliated with Ceros Financial Services as a Registered Representative and no longer provides operations support services to Changing Parameters, LLC, a registered investment adviser.
- Dave Levenson is no longer a co-portfolio manager to the Changing Parameters Fund, a mutual fund and the Changing Parameters Portfolio, a variable insurance trust.
- Trust Company of America is the third-party qualified custodian maintaining VMI's separately managed accounts.
- Item 4C has been added to clarify our policy regarding Tailoring of Advisory Services.
- Items 5B, and 5D have been updated to clarify our policies regarding Payment Method and Refunds.
- Item 17 has been updated to clarify our policy regarding Voting Client Securities for Other Shareholder Actions.

VMI will ensure that all clients receive a Summary of Material Changes to this Brochure within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for our firm is 106056. We may further provide ongoing disclosure information about material changes as necessary and will further provide you with a new brochure as necessary based on changes, or new information at any time without charge.

Currently, our Brochure may be requested by contacting VMI at 650-451-3410 or by email client@valuemonitoring.com. Our Brochure is provided free of charge.

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ITEM 4: ADVISORY BUSINESS

A. Advisory Firm

VMI is a California S corporation that commenced operation in June 1988, and is owned and controlled by Mark Levenson and David Levenson.

B. Advisory Services

VMI provides investment advisory services with respect to separately managed accounts for institutional investors and high net worth individuals (each, an “SMA”), and acts as a sub-advisor to one or more private investment funds (each, a “Fund”) that are series of a multi-series fund managed by a third party manager, SALI Fund Services (“SALI”).

Private Investment Funds

VMI manages each Fund pursuant to the investment strategy described in the offering memorandum and series supplement of that Fund (collectively, “**Governing Documents**”). **Prospective investors should carefully** review a Fund’s Governing Documents and consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

VMI may direct the investment of the Funds’ assets in a wide variety of U.S. and foreign investment products, including publicly traded and privately placed securities. VMI may cause each Fund to invest in bonds, equity and/or money market mutual funds, some of which may be within insurance products, including, without limitation, universal variable life or variable annuity policies, using price trend analysis methods to provide trigger points.

Separately Managed Accounts

VMI will manage the SMAs based on a determination of each SMA client’s financial situation, needs and investment objective, and pursuant to an investment management agreement with each SMA client, which may include certain investment restrictions imposed by the SMA client. SMAs may or may not be managed in a fashion identical or similar to that employed by VMI with respect to the Funds.

For some of its SMAs, VMI may seek to follow its investment strategy by causing some, all, or substantially all of such SMA client funds to be invested in one or more Funds managed by VMI. VMI may also provide a variety of financial planning services to the SMA clients, including asset allocation, tax planning (but not tax return preparation), tax research, and insurance related advice and referrals to, among other things, individuals, pension and profit sharing plans, trusts and estates, charitable organizations, and corporations or other business entities.

C. Tailoring of Advisory Services

While VMI takes each client's financial situation into account for financial planning, VMI does not tailor its investment advisory services. Based on a review of each client's financial situation, if VMI concludes its investment advisory services are inappropriate for a portion of a client's portfolio, VMI will not undertake management of those assets.

D. Wrap Fee Programs

VMI does not participate in wrap fee programs.

E. Assets Under Management (as of 12/31/2016)

Discretionary: \$145,042,924

Non-discretionary: \$0.00

ITEM 5: FEES AND COMPENSATION

Private Investment Funds

A. Types of Fees

As compensation for its sub-advisory services, VMI is paid a portion of the management fee received by SALI from each Fund. The management fee is based on a percentage of the gross assets under management with respect to each Fund.

B. Payment Method

In accordance with each Fund's Governing Documents, a management fee at a rate of 2% per annum will be paid to SALI by each Fund on a monthly basis by deduction from each investor's account in the Fund on the first business day of the calendar month.

C. Costs and Expenses

Each Fund bears all expenses of its operation, as well as brokerage and other transaction related expenses as described in the Governing Documents of each Fund. For additional information regarding brokerage and execution charges, see discussion under "Item 12. Brokerage Practices" below.

D. Refunds

Not applicable.

E. Sales Compensation

VMI will not receive sales commissions in connection with sales of interests in a Fund.

Separately Managed Accounts

A. Types of Fees

Fees paid to VMI by SMA clients are negotiable and will vary. Fees will be set forth in VMI's investment management agreement with each SMA client and determined based on the client's needs, the complexity of the client's investment objective and the number of portfolio restrictions.

Under VMI's investment management agreement with an SMA client, VMI may receive an annual management fee from the SMA equal to a percentage, typically 2% of the gross assets under management in the SMA.

B. Payment Method

The management fee will be calculated and billed to each SMA client monthly in arrears, based on the SMA's gross assets under management. VMI may cause management fees to be paid out of the account by the qualified custodian. When it does so, VMI will ensure that the detail of such billing is included in the SMA client statement issued by the qualified custodian, showing the amount of the fees, the value of the assets on which they are based, and the computation. Alternatively, VMI and a client may agree

that the client will pay VMI the management fee directly (i.e. without deducting the management fee from the client's account).

C. Costs and Expenses

In addition to the management fee, an SMA client is responsible for any fees, expenses or charges incurred by or on behalf of the SMA related to (i) custodial services provided for the account, (ii) transactions effected for the account, including brokerage and execution charges, markups and commissions, and (iii) any other service provided for the account by any person other than VMI. For additional information regarding brokerage and execution charges, see discussion under "*Item 12. Brokerage Practices*" below.

D. Refunds

SMA client advisory fees are billed monthly in arrears. As such, there is customarily no refund of advisory fees paid in advance.

E. Sales Compensation

VMI will not receive sales commissions in connection with sales of interests in a client account.

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

VMI does not receive any performance-based compensation from the Funds or the SMA clients.

VMI manages the Funds and SMAs on a side-by-side basis with certain of the Funds and SMAs utilizing the same investment strategy. Potential conflicts of interest may exist when VMI buys or sells securities for multiple client accounts. VMI has adopted policies and procedures with the aim to ensure the fair and equitable treatment of all Funds and SMAs managed side-by-side by VMI.

VMI's portfolio managers generally manage multiple portfolios for various clients. When a portfolio manager manages more than one client account, a potential conflict exists for the portfolio manager to intentionally or unintentionally treat one client account more favorably than another. This potential conflict can be most apparent when one portfolio has a higher fee or a different fee structure than another portfolio. Another potential conflict may arise if VMI manages accounts of its principals and employees on a side-by-side basis with other client accounts. VMI has internal review policies and oversight to ensure that no one client is intentionally or unintentionally favored at the expense of another.

ITEM 7: TYPES OF CLIENTS

Private Investment Funds

VMI serves as a sub-adviser to the following Funds: H & L Insurance Fund, a series within the SALI Multi-Series Fund VI, L.P., and H & L Insurance Fund, a series within the SALI Multi-Series Fund, L.P.

Each Fund typically requires a minimum initial investment of at least \$500,000 and a minimum account balance of \$500,000 in the Fund. Investors in the Funds must be “*accredited investors*,” as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.

Investors are required to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in a Fund.

Separately Managed Accounts

VMI generally requires SMA clients to initially provide and maintain a minimum of \$1,000,000 in assets under management with VMI. The account minimum and investor requirements for SMAs may be waived by VMI in its sole discretion.

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

A. Methods of Analysis and Investment Strategies

Investment Analysis

The Funds and SMAs will invest in specific market segments when VMI's proprietary investment models indicate a high probability that the applicable investments in such chosen market segments are likely to outperform investments in other market segments. They will sell interests or reduce their investment exposures among specific market segments when VMI's models indicate that investments in such markets are likely to underperform. The Funds and SMAs are actively managed and VMI anticipates that they will continue to have high portfolio turnover rates.

VMI has entered into arrangements with certain consultants who develop strategy inputs/signal models and provide VMI access to such models, and VMI trades a portion of its assets under management based on these models. In the future, VMI may seek to increase the percentage of its assets that are traded based on such models. To help develop its investment recommendations, VMI may use commercially available information services and financial publications dealing with investment research, securities law and taxation. Such information may be obtainable in print, via the Internet or by some other means. Issuer-prepared materials (particularly prospectuses), private placement due diligence materials, and research releases prepared by third parties are also utilized. VMI also may use research materials prepared by various investment product vendors or custodians as well as in-house analysts. VMI may also obtain information by meeting with an issuer's management, customers or competitors, attending industry conferences and consulting with experts in the appropriate field.

Private Investment Funds

With respect to the Funds, VMI uses technical, quantitative and momentum analysis to assess trends and current investment opportunities across the securities markets generally and to allocate the Funds' investment portfolios between the equity and fixed income markets, and among various market segments within the equity and fixed income markets. Technical analysis is the study of an index's index or a security's past prices and trading volumes for the purpose of forecasting price trends. Quantitative methods compute price trends, such as moving average price, and statistical measures, such as standard deviation, to use as predictive tools. Momentum measures use many of these same tools to measure the speed of price changes as a leading indicator of trends.

Separately Managed Accounts

With respect to its SMA clients, VMI makes allocation and reallocation recommendations using price trend analysis methods, which provide trigger points for investing in bond, equity and/or money market mutual funds, some of which may be within insurance products, including, without limitation, universal variable life or variable annuity policies. For some of its SMA clients, VMI may seek to follow the particular investment strategy of causing all or substantially all client funds held in such SMAs to be invested in the Fund(s).

Investment in securities involves risk of loss that investors in the Funds or the SMA clients must be prepared to bear.

Investment Strategies

The investment objective of VMI for both Funds and SMAs is to provide total return, primarily through investment in fixed income instruments, including investment grade and non-investment grade “high-yield” U.S. and non-U.S. corporate bonds (collectively, “corporate bonds”), U.S. Treasury instruments (“USTIs”), mutual funds and Exchange Traded Funds (“ETFs”) that invest primarily in USTIs and corporate bonds, and derivatives (including futures and options on futures) of the foregoing. Secondly, during unfavorable market conditions VMI may seek to hedge its risk exposure via investment in short-term USTIs and other money market funds. Investments in USTIs and other bond market instruments may or may not be hedged.

There can be no assurance that the investment objective of VMI will be achieved in any particular period or over the life of the Funds or SMAs. VMI seeks to achieve its investment objective by following a momentum strategy, taking leveraged and un-leveraged positions in corporate bonds (and/or corporate bond instruments) and USTIs (or USTI instruments) during favorable market conditions, and hedging risk by limiting exposure to short-term USTIs and other money market funds during unfavorable conditions. Momentum investing involves the use of proprietary analytical tools to measure the speed of price changes as an indicator of trends.

In general, the Funds’ and/or SMAs’ investment in corporate bonds and USTIs is intended to maximize potential capital appreciation, as well as generate substantial income towards realization of the total return investment objective. The use of leverage will be strategically employed to increase market exposure during periods where VMI’s momentum models indicate the existence of favorable market conditions. The investment in short-term USTIs and other money market instruments and/or money market funds is primarily intended to produce income, as well as to reduce or “hedge” market risk.

VMI intends to use technical and quantitative momentum analyses to allocate the Funds and SMAs’ portfolios among mutual funds and ETFs that invest primarily in corporate bonds, USTIs and derivatives of USTIs, and other corporate bond and USTI market derivatives. VMI’s purely technical analysis is based on data relating to pricing, volatility, momentum, and other technical factors relating to corporate bonds and USTIs for the purpose of seeking indicators of price trends. Quantitative methods for computing price trend indicators may include the use of moving averages and statistical measures, such as standard deviation, as predictive tools. VMI will seek to invest in mutual funds and ETFs that invest primarily in corporate bonds and USTIs, and other products within specific market segments when VMI’s proprietary investment models suggest that the applicable market segments are likely to outperform Treasury Bills and/or other money market instruments. VMI will seek to sell its interests or reduce investment exposure among market segments when these proprietary models indicate that such markets are likely to underperform Treasury Bills and/or other money market instruments or be unpredictable. The management strategies employed for the Funds and SMAs may result in high portfolio turnover and, consequently, high transaction costs.

Because the Funds and SMAs may have similar objectives more than one Fund or SMA with the same or similar investment objectives may have funds available for investment at the time an investment opportunity becomes available. In such event, VMI will seek to allocate the available investments among the Funds and SMAs in a fair and equitable manner over time, in accordance with VMI’s allocation policies and procedures.

The investment objective, strategy and methods summarized above represent VMI's general intentions. Notwithstanding the foregoing, these investment objective and general policies do not limit the Funds' or SMAs' investment strategy or the types of investments that they may make. VMI has very wide latitude to invest or trade assets, to pursue any particular strategy or tactic or to change the emphasis, objectives, policies and strategy, all without obtaining the approval of investors in the Funds or SMAs clients. There are no limits on the types of securities or other instruments in which VMI may take positions, the choice of sector or sectors within which it seeks to identify securities, the choice of markets (domestic or foreign) within which it may invest, the type of positions it may take, the investment or trading strategies it may use, its ability to borrow or use other types of leverage (including the extent of margin trading and short positions), or the concentration of its investments. VMI has broad discretion to employ any securities trading investment techniques, whether or not contemplated by the expected investment strategies and criteria described above.

There can be no assurance that VMI's investment objective will be achieved. Further, many of the investment techniques and activities described above could result in substantial losses under certain circumstances.

B. Investment Strategy Risks

Acquiring interests in the Funds and/or opening an SMA with VMI is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with VMI and can accept a potential loss of their entire investment. Investment risks specific to the investment strategy of each Fund are described in the offering memorandum of the Fund, and risks specific to any investment strategy employed by VMI in managing an SMA will be explained to the client prior to the opening of the account. Such risks may include (but are not limited to):

- **Concentration.** Client accounts may hold a relatively small number of securities. Losses incurred in such securities could have a disproportionate effect on the account's overall financial condition.
- **Portfolio Management.** The performance of a client account depends on the skill of VMI and its portfolio manager(s) in making appropriate investment decisions. VMI's judgments about the attractiveness, value and potential appreciation of a particular security, derivative or asset in which a Fund or SMA (indirectly through its investment in mutual funds, ETFs etc.) invests or sells short may prove to be incorrect and may not produce the desired results. The Funds and SMAs understand that investment decisions made by VMI for them are subject to various market, currency, economic, political and business risks and that those investment decisions may not always be profitable.
- **Leverage.** The use of leverage by buying securities on margin or use of certain derivatives is a speculative technique that involves special risk considerations. Interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Interest on borrowings will be an expense of a client account and will affect the investment performance of the account. To the extent a client account is leveraged, the value of its assets will tend to increase more when its portfolio securities increase in value, and to decrease more when its portfolio securities decrease in value, than if its assets were not leveraged. The use of leverage by purchasing securities with borrowed money, including money borrowed under lines of credit that may be maintained; by investing in certain

derivatives; and by selling securities short are speculative techniques that can amplify the effects of market volatility on net asset values and make their returns more volatile. The use of leverage may cause portfolio positions to be liquidated when it would not be advantageous and may also result in higher expenses (especially interest and dividend expenses) than those of funds that do not use leverage.

- **Short Selling.** Short sales that are not part of a hedging strategy are speculative and involve special risk considerations. Since a short seller in effect profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, returns will tend to increase more when the securities sold short decrease in value, and to decrease more when the securities sold short increase in value, than would otherwise be the case if the short seller had not engaged in such short sales. Short sales theoretically involve unlimited loss potential as the market price of securities sold short may continuously increase.
- **Portfolio Turnover.** Buying and selling securities generally involves some expense to a client account, such as commissions and other transaction costs. Generally, the higher an account's portfolio turnover, the greater its brokerage costs and the greater the likelihood that it will realize taxable capital gains. Increased brokerage costs may adversely affect an account's performance. The advisory activities of each Fund and SMA absent an express investment restriction will involve a high level of trading, and the portfolio turnover is expected to generate substantial transaction costs.
- **Highly Volatile Markets.** The prices of investments held by a client account can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which VMI may invest client assets are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.
- **Hedging Strategies.** Special risks are associated with the use of options, futures contracts and swaps as hedging techniques, including fluctuations in the volatility of the underlying security, fluctuations in prevailing interest rate and a lack of correlation between price movements in the hedging vehicle and in the portfolio securities being hedged which may result in a loss on both the hedged securities and the hedging vehicle. In addition, a decision as to whether, when and how to use a particular hedging strategy involves the exercise of skill and judgment which are different from those needed to select portfolio securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If VMI is incorrect in its forecasts relating to a hedge, a client may be in a worse position than if VMI had not engaged in the hedging transaction. The potential loss incurred by a client in swaps, futures and writing options on futures is unlimited. There can be no assurance that a liquid market will exist at a time when VMI, on behalf of a client, seeks to close out an option position or futures or swap contract.

C. Portfolio Investment Risks

VMI generally provides investment advice to clients on a wide variety of U.S. and foreign investment products, but does not invest in any particular type of investment product (absent an express

investment guideline in a Fund's offering memorandum or SMA investment management agreement). Risks specific to the types of investments that a client may hold in its portfolio may include (but are not limited to):

- **Equity Securities.** By investing in stocks, VMI may expose a client account to a sudden decline in the share price or to an overall decline in the stock market. The value of investments held in a client account will fluctuate daily and cyclically based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.
- **Fixed Income Securities.** The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer-term securities generally more volatile than shorter-term securities.
- **Small-Cap Companies.** Investments in small-cap companies may involve greater risks than investments in larger, more established companies, such as limited product lines, distribution channels and financial and managerial resources. The securities of small-cap companies may have greater price volatility and less liquidity than the securities of larger capitalized companies, and may be more difficult to value.
- **Preferred Securities.** Preferred securities offer a stated dividend rate payable from a corporation's earnings, which may be cumulative or non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred securities may be less attractive, causing the prices to decline. Preferred securities may have mandatory sinking fund provisions and call/redemption provisions prior to maturity, a negative feature when interest rates decline. Preferred securities are generally subordinate to the rights associated with an issuer's debt securities in terms of priority to corporate income and liquidation payments, and therefore are subject to greater credit risk than more senior debt instruments. Preferred securities may be substantially less liquid than many other securities.
- **Convertible Securities.** Like other fixed income securities, the market value of a convertible debt security tends to vary inversely with the level of interest rates. A convertible security may be subject to redemption at the option of the issuer at a price established in the instrument governing the convertible security. If a convertible security held by a client is called for redemption, the client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party.
- **Foreign Securities.** Foreign investments tend to be more volatile than U.S. securities, and are subject to risks that are not typically associated with U.S. securities. For example, such investments may be adversely affected by changes in currency rates and exchange control regulations, unfavorable political, social and economic developments and the possibility of seizure or nationalization of companies or imposition of withholding taxes on income. Moreover, less information may be publicly available concerning certain foreign issuers than is available concerning U.S. companies. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability, social unrest and regulatory conditions in some countries.

- **Exchange-Traded Funds.** The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including the risk that their prices may not correlate perfectly with changes in the underlying index, and the risk of possible trading halts. A sector ETF may also be adversely affected by the performance of that specific sector or group of industries on which it is based. To the extent a client invests in leveraged ETFs, the value of a leveraged ETF will tend to increase more when its underlying index increases in value, and to decrease more when its underlying index decreases in value, than if the ETF was not leveraged.
- **Issuer-Specific Risk.** The value of a specific security can be more volatile than the market as a whole and may perform worse than the market as a whole.
- **Derivatives.** The Funds and SMAs (indirectly through their investments in mutual funds) may invest in various types of derivatives, including options on securities, securities indexes and futures contracts, and may use derivatives to, among others, hedge risks inherent in its portfolio, enhance the potential return of its portfolio, diversify its portfolio, to take a position in an underlying debt or equity security and/or to reduce transaction costs associated with managing its portfolio. Derivatives involve the risks separate from the risks of the underlying instrument, including improper valuation and ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying instrument. Derivatives are also subject to other risks, such as the risk of an illiquid secondary market, which may result in significant, rapid, and unpredictable changes in the prices for such derivatives, risks relating to the financial soundness and credit worthiness of the counterparty, and the risk of the failure of exchanges and clearinghouses. The use of a derivative is speculative if it is used to enhance returns rather than to offset the risk of other positions. When derivatives are used for speculative purposes, the investing client account will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the cost of the derivative. Even a small investment in derivatives may give rise to leverage risk, and can have a significant impact on an account's performance.
- **Swap Agreements.** VMI may enter into equity, debt, interest rate, index, currency rate, total return and other types of swap agreements on behalf of a client. Depending on their structure, swap agreements may increase or decrease a client's exposure to long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses.
- **Emerging Market Securities.** Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, which include several countries in Asia, Latin America, Eastern Europe, Africa, and the Middle East. The economies of many of these countries depend heavily upon international trade and are therefore significantly affected by protective trade barriers and economic conditions of their trading partners. Many of these countries may also have government exchange controls, currencies with no recognizable market value relative to the established currencies of developed market economies, little or no experience in trading in securities, no financial reporting standards, a

lack of banking or securities infrastructure, and a legal tradition which does not recognize rights in private property.

- **High Yield Bonds.** Fixed income securities that are below investment grade or unrated involve greater risks of default and are more volatile than investment grade securities. High yield bonds involve a greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of high yield bonds may be more susceptible than other issuers to economic downturns, which may result in a weakened capacity of the issuer to make principal or interest payments. High yield bonds are subject to a greater risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity.
- **Investments in Financially Distressed Companies.** Investing in assets or liabilities of companies that are, or appear to be, in financial distress or emerging from financial distress, including companies that have undergone, are undergoing or are likely to undergo major restructurings or bankruptcy reorganizations involves a high degree of risk. At times there is very limited liquidity in such securities and the client account may incur substantial losses if it is required to sell such securities to fund investor withdrawals. Realization of capital appreciation may depend on the successful implementation of reorganization plans and such an investment will also involve a high degree of "control risk." Generally, the account will not be in a position to control the pace or outcome of any restructurings or reorganization. Discretionary bankruptcy classifications, limitations on trading in claims, litigation, delays and other unpredictable events may significantly reduce the value of an investment regardless of VMI's accuracy as to the underlying value of the enterprise. Litigating any lawsuit or serving on equity or creditors' committees may be costly, consume significant time and attention and can also restrict the account from trading securities or claims related to the insolvency or impose additional duties on VMI.
- **Commodities.** A client account's exposure to commodities markets may subject the account to greater volatility than investments in traditional securities. The value of commodity-related instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or risks affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.
- **Portfolio Funds.** Various risks are associated with investing in other investment funds (including other hedge funds) ("Portfolio Funds"), and the investment strategies and tactics that Portfolio Funds may use. Portfolio Funds may provide VMI with very limited information with respect to its operations and performance, thereby severely limiting VMI's ability to (i) verify any representation made by such fund, (ii) monitor any investment strategy being employed by such fund, or (iii) detect any misconduct or fraud engaged in by such fund. To the extent that VMI invests client assets in a Portfolio Fund that restricts the ability of investors to effect withdrawals, VMI may not be able to withdraw client assets invested in such fund promptly after it has made a decision to do so, which may result in a loss to the client account. To the extent a Portfolio Fund is permitted to distribute securities in kind to investors making withdrawals, upon withdrawal of all or a portion of client assets invested in such fund, a client account may receive securities that are illiquid or difficult to value.

- ***Real Estate-Related Investments.*** Because VMI may invest a portion of client assets directly or indirectly in companies principally engaged in the real estate industry and other real estate-related investments, an account's performance may be linked to the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. Real estate companies are subject to legislative or regulatory changes, adverse market conditions and increased competition. The general performance of the real estate industry has historically been cyclical and particularly sensitive to economic downturns. Changes in prevailing real estate values, interest rates and changing demographics may affect the value of securities of issuers in the real estate industry.

VMI cannot guarantee the future performance, or any specific level of performance, of the Funds and SMAs, the success of any investment decision or strategy that VMI may use, or the success of VMI's overall management of the Funds and SMAs.

ITEM 9: DISCIPLINARY INFORMATION

VMI does not have any legal, financial or other disciplinary items to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

A. Registration as a Broker-Dealer or Registered Representative

None of VMI's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person of Same

Neither VMI nor any of its employees are registered as or have a pending application to register as a futures commission merchant, commodity pool operator, a commodity-trading adviser, or as an associated person of the foregoing entities.

C. Material Relationships with Affiliates

1. *broker-dealer, municipal securities dealer, or government securities dealer or broker*

None.

2. *pooled investment vehicle*

VMI serves as sub-adviser to two private funds, the H & L Insurance Fund, a series within the SALI Multi-Series Fund VI, L.P., and the H & L Insurance Fund, a series within the SALI Multi-Series Fund, L.P.

3. *other investment adviser or financial planner*

As discussed above, VMI currently serves as sub-adviser to one or more private investment funds that are each a series of a multi-series fund managed by SALI. This creates a conflict if VMI's SMA clients are invested in similar assets as the Funds. VMI will address this conflict by disclosing the issue to SMA clients before investing such SMA clients' money.

4. *insurance company or agency*

VMI may recommend one or more insurance agencies, including Nationwide Wealth Management ("**NWM**"), to clients desiring to purchase variable annuity and/or variable life contracts. NWM has a long history of activity in the insurance field. As compensation for its professional services, the issuing insurance company pays a fee to NWM. This cost is borne indirectly by the annuity and/or life insurance policyholder. VMI does not share in such fees. The client is free to select another insurance agent.

5. *sponsor or syndicator of limited partnerships*

VMI is a sub-adviser to the Funds that are managed by SALI. A SALI affiliate serves as a general partner of each Fund.

D. Recommendation of Other Investment Advisers

VMI does not receive compensation for the recommendation of other investment advisers.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

In order to address conflicts of interest, and as required by Rule 204A-1 of the Advisers Act, VMI has adopted a code of ethics (the “Code”) which is applicable to all of VMI’s officers, managers, members, and employees (collectively, “Employees”). VMI’s Code generally sets the standard of ethical and professional business conduct that VMI requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code sets forth VMI’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that VMI and each of its Employees owes to each advisory client. The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. VMI will provide a copy of the Code to any client or prospective client upon request.

B. Participation or Interest in Client Transactions

VMI may solicit qualified clients to invest in a Fund or other investment vehicle sponsored or managed by VMI (each, a “**VMI-related fund**”). ***Because of the relationship between*** VMI and any VMI-related fund, VMI could be considered to have recommended the investment as suitable for a client if such person should invest in the fund. VMI will inform each client of its relationship with a VMI-related fund prior to the client’s investment, but does not intend to advise its clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests in a VMI-related fund (except to the extent that VMI receives a portion of the management fees paid to SALI). VMI may, from time to time at its discretion, suggest that investors in the Funds invest in a co-investment vehicle sponsored by VMI.

C. Personal Trading

VMI believes that if investment goals are similar for clients and for Employees of VMI, it is logical and even desirable that there be common ownership of some securities. At the same time, VMI recognizes that there is a risk that Employees may compete with client accounts or otherwise engage in personal securities transactions at the expense of a client’s interest. In order to maintain a high code of conduct, VMI’s Code requires that all such transactions be carried out in a way that does not endanger the interest of any client. The Code establishes certain blackout periods, pre-clearance procedures and a quarterly securities transaction reporting system that is designed to monitor transactions in Employees’ personal accounts and prevent any conflicts that may arise between Employees’ personal securities transactions and transactions for clients of VMI.

VMI and its officers and employees may buy and own many of the same mutual funds, including those within insurance products (e.g., universal variable life and variable annuity policies) that may be held by VMI’s SMA clients. However, VMI believes that any conflict of interest that may be created thereby will have little or no adverse effect on VMI’s SMA clients due to the large size and liquidity of the mutual funds.

In addition, because the mutual funds are open-end investment companies, the relatively small amounts of fund shares bought and sold by VMI and its officers and employees are not expected to have

major impact on the price of the fund shares or fund performance. Nonetheless, VMI recognizes its obligations under federal securities law to avoid insider trading and comply with other applicable federal securities laws. The Code includes personal trading policies as well as those relating to insider trading.

D. Concurrent Trading Activity

Transactions for client accounts generally will be effected independently from other client accounts. However, there will be occasions on which transactions to purchase or sell the same security may be effected at the same time for numerous accounts, some of which accounts may have similar investment objectives. VMI may (but is not obligated to) combine or “batch” such orders. When combined orders occur, VMI will seek to allocate the execution in a manner that is deemed equitable to the accounts involved. Generally, transactions will be averaged as to price and transaction costs and thereafter will be allocated among the accounts involved in proportion to the purchase and sale orders placed for each account on any given day. If VMI cannot obtain execution of all the combined orders at prices or for transaction costs that VMI believes are desirable, VMI will allocate the securities VMI has purchased or sold as part of the combined orders by following VMI’s trade allocation procedures.

ITEM 12: BROKERAGE PRACTICES

A. Selection of Broker-Dealers

Best Price and Execution. VMI will generally seek “best price and execution” in light of the circumstances involved in transactions. Best price and execution entails seeking the best overall result for our clients. Accordingly, in deciding what constitutes best price, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. As a result, client transactions will not always be executed at the lowest price, commission or mark-up/mark-down.

Soft Dollars. The Securities Exchange Act of 1934, as amended, provides that an investment adviser such as VMI may pay a broker-dealer a commission in excess of that which another broker-dealer might have charged for effecting the same transaction in recognition of the value of the brokerage and research services provided by or through the broker-dealer. The benefits of such arrangements are known as “soft dollars.” VMI typically does not enter into soft dollar arrangements.

Brokerage for Client Referrals. VMI does not enter into agreements with, or make commitments to, any broker-dealer that would bind VMI to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement or brokerage transactions.

Directed Brokerage. Not applicable.

B. Aggregation of Orders

VMI may aggregate purchases or sales of any security effected for a client’s account with purchases or sales of the same security effected on the same day for other client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and all participating accounts will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. Further, all transaction costs incurred in effecting the aggregated transaction will be shared on a pro rata basis among all participating accounts, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts.

VMI may not allocate trades in such a way that VMI’s own (or affiliated) account(s) receive more favorable treatment than VMI’s client accounts. Similarly, VMI may not favor one client or group of clients over another. VMI has adopted trade allocation policies to ensure that securities orders for more than one account are allocated in a fair or equitable manner.

With respect to SMA clients invested in mutual funds, including variable annuity, universal variable life or other insurance account(s), all accounts of the same class generally will be invested in the same type of mutual funds at the same time. When a client’s money is transferred between mutual funds or other securities in the model, there will be no preference given to any individual client’s account. All similar accounts (i.e., universal variable life, variable annuity, or mutual funds) will be transferred at approximately the same time. Triggers will be specified increases above or decreases below a formulated target.

ITEM 13: REVIEW OF ACCOUNTS

A. Account Reviews

Co-Owners, Mark A. Levenson and David H. Levenson generally review all accounts on a daily basis. Account reviews focus on the review of all securities and the status of VMI's proprietary allocation and trading models. The Funds and SMAs will be reviewed and updated monthly for net price and total value changes. SMAs will also be reviewed for appropriateness of current account holdings in light of any financial information that has changed since the last review. VMI will also review SMAs as it deems necessary or when requested by an SMA client.

B. Client Reports

VMI and/or the qualified custodian of each client account (which may include insurance companies) will transmit unaudited quarterly performance reports and account statements to Fund investors and SMA investors. Each investor in a Fund will also receive annual audited financial statements and, if necessary, annual tax information for completion of its individual tax returns. VMI may make the reports available in hardcopy or solely via electronic transmission or in electronic form on its website unless otherwise requested by a Fund investor or SMA client. VMI, in its discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in a Fund or SMA.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

VMI may employ third-party solicitors to whom it will pay cash or a portion of the advisory fees paid by Fund investors and SMA clients referred to it by those solicitors. In such cases, the practice will be disclosed in writing to the Fund investor and SMA client, and VMI will comply with the other applicable requirements under Rule 206(4)(3) under the Advisers Act. In particular, VMI will ensure that each solicitor provides Fund investors and SMA clients with a current copy of VMI's Form ADV Brochure and the solicitor's written disclosure document.

ITEM 15: CUSTODY

Private Investment Funds

VMI does not have custody of the assets of the sub-advised Funds.

Custody of the assets of the Funds will be maintained with a qualified custodian selected by SALI, which selection may change from time to time. VMI will not maintain physical possession of the funds or securities of any Fund.

Separately Managed Accounts

VMI will not maintain possession or custody of the funds or securities placed in an SMA. The assets transferred by an SMA client will be deposited with a qualified custodian selected in accordance with VMI's investment management agreement with the SMA client. Under the investment management agreement, VMI may cause management fees to be paid out of the client's account by the qualified custodian. When it does so, VMI will ensure that the detail of such billing is included in the SMA client statement issued by the qualified custodian, showing the amount of the fees, the value of the assets on which they are based, and the computation. In addition, as described in Item 13(B) above, VMI or a qualified custodian will provide SMA clients with at least quarterly performance reports and account statements. SMA clients should carefully read these reports and compare any reports received from VMI against reports received from the qualified custodian.

ITEM 16: INVESTMENT DISCRETION

VMI has discretionary authority to make the following determinations without obtaining the consent of any Fund or SMA client before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers through which securities are to be bought or sold; and
- the commission rates at which securities transactions for the Funds and SMAs are effected.

VMI's discretionary authority is derived from an express grant of authority under an investment management agreement that VMI enters into with SALI with respect to each Fund, and with each SMA client.

ITEM 17: VOTING CLIENT SECURITIES

Private Investment Funds

Generally, VMI will vote (by proxy or otherwise) in all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held by a Fund, in accordance with VMI's proxy voting policies and procedures (the "Policies").

The Policies require VMI to vote proxies received in a manner consistent with the best interests of its clients. Although many proxy proposals can be voted in accordance with Adviser's proxy voting guidelines, some proposals will require special consideration, and VMI will make a decision on a case-by-case basis in these situations.

Where a proxy proposal raises a material conflict between VMI's interests and the interests of a client, VMI will seek to resolve the conflict.

Upon request to VMI, investors may obtain a copy of SALI's Policies and/or information on how VMI voted shares on behalf of the Fund by contacting VMI at client@valuemonitoring.com.

Separately Managed Accounts

VMI generally does not vote in matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held by SMA clients.

Other Shareholder Actions

With regard to all other matters for which shareholder action is required or solicited with respect to securities beneficially held by clients (such as (a) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (b) bankruptcies or reorganizations), VMI shall take such action as it deems appropriate, including the appointment of a third party to vote or act on behalf of any corporate action using VMI's reasonable good faith judgment, except to the extent that a client otherwise specifically directs VMI in writing.

ITEM 18: FINANCIAL INFORMATION

VMI has no financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its clients.

Privacy Notice

FACTS	WHAT DOES ADVISER VALUE MONITORING, INC. ("VMI") DO WITH YOUR PERSONAL INFORMATION?	
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
WHAT?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none">▪ Social security number▪ Income▪ Assets▪ Risk tolerance▪ Wire transfer instructions▪ Transaction history <p>When you are no longer our customer, we continue to share information about you as described in this notice.</p>	
HOW?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons VMI chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does VMI Share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your accounts(s) or respond to court orders and legal investigations.	Yes	No
For our marketing purposes - to offer our products and services to you	No	We don’t share
For joint marketing with other financial companies	No	We don’t share
For our affiliates' everyday business purposes - information about your transactions and experiences	No	We don’t share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don’t share
For our affiliates to market to you	No	We don’t share
For nonaffiliates to market to you	No	We don’t share
Questions?	Call Value Monitoring, Inc. at 650-451-3410	

Privacy Notice

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Who we are	
Who is providing this notice?	Value Monitoring, Inc.
What we do	
How does VMI protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does VMI collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ Enter into an investment advisory contract ▪ Seek financial advice ▪ Make deposits or withdrawals from your account ▪ Tell us about your investment or retirement portfolio ▪ Give us your employment history
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and non financial companies.</p> <ul style="list-style-type: none"> ▪ <i>VMI has no affiliates</i>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>VMI does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>VMI does not jointly market.</i>