



KNOWLEDGE LEADERS CAPITAL

Item 1 – Cover Page

Knowledge Leaders Capital, LLC

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Form ADV Part 2A
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This brochure provides information about the qualifications and business practices of Knowledge Leaders Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 303-763-1810. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Knowledge Leaders Capital, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Knowledge Leaders Capital, LLC is a registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Nothing contained in this Brochure constitutes a recommendation of or an offer to sell, or the solicitation of an offer to buy or invest in, any investment product, vehicle, service or instrument.

Item 2 – Material Changes

This section outlines any material changes from our last update of our Form ADV Part 2 (“Brochure”).

Material Changes Since Last Annual Update

March 2017- Adviser name change from Gavekal Capital, LLC to Knowledge Leaders Capital, LLC

Since our last annual update, we have updated our Brochure to reflect an ownership change in the firm. In particular, Steven C. Vannelli, the firm’s Chief Investment Officer, is now the indirect majority owner of the firm. We have also undertaken a general update of our Brochure. The following summarizes the material changes:

Generally, we revised and expanded certain information to help clients better understand our firm and the investment products we offer, the business issues we face, the risks associated with investing and with our investment process and our efforts to ensure clients are treated fairly and equitably. As a result, each of the sections in our Brochure have been updated.

We bring your attention to following Items which contain materially update disclosure: Item 4 (Advisory Business), Item 6 (Performance-Based Fees and Side-by-Side Management), Item 7 (Types of Clients), Item 8 (Method of Analysis, Investment Strategies and Risk of Loss), Item 10 (Other Financial Industry Activities and Affiliations), Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), Item 12 (Brokerage Practices), Item 13 (Review of Accounts), Item 14 (Client Referrals and Other Compensation) Item 16 (Investment Discretion) and Item 17 (Voting Client Securities).

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Item 4 – Advisory Business

Firm Profile

Knowledge Leaders Capital, LLC (referred to herein as “we,” “us,” “our,” “KL Capital” or “firm”) is a registered investment adviser based in Denver, Colorado. As detailed below, KL Capital offers investment management services to clients in a variety of manners. Knowledge Leaders Capital was organized as a limited liability company in 2006 under the original name of Gavekal Capital, LLC. KL Capital is a private company majority owned by Steven C. Vannelli, the firm’s Chief Executive Officer and Chief Investment Officer.

Investment Management Services

The firm’s primary investment strategy is known as the Knowledge Leaders Strategy (the “Strategy”). The Strategy seeks to transform the “Knowledge Effect” into portfolio alpha. The Knowledge Effect is, in short, the tendency of stocks of highly innovative companies to experience excess returns. In this regard, the Strategy seeks to identify “Knowledge Leaders,” or highly innovative companies, by measuring a company’s investment in its future growth. Knowledge Leaders tend to possess deep reservoirs of intangible capital as a result of their history of investing in knowledge-intensive activities like research and development, brand development and employee education. In locating Knowledge Leaders, the firm looks for companies that possess competitive advantages, such as a strong brand, proprietary knowledge or a unique distribution mechanism. Our selected Knowledge Leaders are largely service-based and advanced manufacturing businesses, often operating globally.

KL Capital offers the Strategy through a variety of product offerings as detailed below. We may launch and offer new products in the future.

Mutual Funds

Knowledge Leaders Capital serves as adviser to the Gavekal KL Allocation Fund (GAVAX/GAVIX), which is a series of an open-end mutual fund registered under the Investment Company Act of 1940, as amended, that offers the Strategy to US investors (“Mutual Fund”). KL Capital may seek to advise additional funds in the future.

Index Provider Services

KL Capital has created and licensed a variety of Indices using variations of the Strategy (each, an “Index”) for use by exchange-traded funds (“ETFs”) and other clients of KL Capital, including separately managed accounts. In certain instances, KL Capital licenses the right to use an Index to unaffiliated third parties but KL Capital otherwise has no discretion over the assets that are managed by the third-party manager. In other instances, we use an Index to manage a client’s assets on a discretionary basis. KL Capital currently provides an Index to an ETF – KL Capital Knowledge Leaders Developed World ETF (KLDW).

Model Portfolio Provider (also known as Unified Managed Account Programs)

Knowledge Leaders Capital offers its Strategy and Indices via model portfolios to other investment advisers. As a model portfolio provider, we will design, monitor and update the model portfolio. The program sponsor may then implement the model portfolio for their clients. Model portfolio providers may grant shared trading authority to KL Capital or “dual-discretion” over the clients’ assets whereby KL Capital has discretion to execute trades on behalf of the clients.

Separately Managed Accounts

Knowledge Leaders Capital provides discretionary investment advisory services to separately managed account clients. For certain clients, KL Capital will manage the account pursuant to one of our Indices. Clients are permitted to impose reasonable restrictions on trading if such restrictions are not materially different from the Strategy's investment objectives and if pre-approved by KL Capital. Clients who impose investment restrictions should be aware that any restrictions placed on the account will affect the account's performance which can result in underperformance relative to other client accounts invested pursuant to the same Strategy or Index. See Item 16 for further information concerning KL Capital's investment discretion.

Assets under Management

As of March 16, 2017, KL Capital had approximately \$504 million in assets under management all of which were managed on a discretionary basis. In addition, as of March 16, 2017, the ETF and other products advised by third parties utilizing a KL Capital Index totaled approximately \$64 million.

Item 5 – Fees and Compensation

The extent and nature of advisory services that KL Capital provides will vary depending upon the specific arrangements it makes with each client. As a result, KL Capital's fees will differ among its client accounts due to a number of factors, such as the size of the account, relationships to other accounts, the historical or projected nature of trading for the account, and the extent of supplemental client services to be provided to the account.

Advisory Fees and Compensation

Mutual Funds

Mutual Fund clients pay KL Capital an advisory fee at an annual rate based on each funds' average daily net assets. Advisory fees accrue daily and are paid monthly in arrears. Our advisory fee is in addition to a fund's other operating expenses (including custody, independent auditor, registration and offering expenses) that will be borne by each fund. The annual operating expenses of each fund are described in the respective fund's offering materials.

The services rendered by KL Capital to each fund will be pursuant to a written management contract generally terminable by either party on prior written notice. As noted above, such services may be provided pursuant to a sub-advisory arrangement. Fees may be reduced at specified higher asset levels. The amount of fees charged may depend on the product's investment objective and investment strategy and size of the fund, among other factors.

The fees and expenses applicable to a fund will vary depending on the share class held, the applicability of 12b-1 fees, other acquired fund fees and other expenses. A complete discussion of the fees and expenses applicable to each fund can be found in the respective fund's offering materials.

Index Provider Services

In connection with the licensing of an Index, KL Capital is entitled to receive a fee based on the market value of assets managed by the unaffiliated third party using an Index. KL Capital generally receives this fee on a monthly or quarterly basis, typically paid in arrears. The rates for such fee will vary based on factors including, but not limited to, the level of assets managed by the unaffiliated third-party manager subject to an Index. Such fees may be negotiable.

Model Portfolio Provider

For its model portfolio provider services, KL Capital offers model portfolio sponsors model portfolios for a fee. KL Capital's model portfolio fees are negotiable and will vary from sponsor to sponsor, but typically do not exceed

separately managed account fees set forth below and are based upon the value of the client assets allocated to KL Capital's model portfolios.

Separately Managed Accounts

The basic fee schedule for separately managed account clients is detailed below:

Client's Aggregate Assets	Annual Fee
\$0 – \$50 million	0.75% of assets
\$50 – \$100 million	0.60% of assets
Over \$100 million	Negotiable

The services rendered to each separately managed account are pursuant to a written management contract generally terminable by either party on prior written notice. Fees are negotiable and may differ from the above range. Accounts managed with the same investment objective may not have the same fee structure. Clients are generally invoiced for fees. Invoiced fees are typically due within 30 days of receipt of the invoice. Clients may be subject to other fees and expenses, including, without limitation, custody fees and brokerage/trading fees, as further described in the written management contract. More information on brokerage services and fees are outlined in Item 12 - Brokerage Practices.

Additional Information Concerning Fees and Expenses

KL Capital's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by a client. Clients may incur charges imposed by custodians, brokers and other third parties, as well as deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes imposed on brokerage accounts and securities transactions. ETFs and other funds in which KL Capital may invest on behalf of clients also charge their own management fees that are disclosed in the respective fund's prospectus. Such other charges, fees, taxes, costs and commissions are exclusive of, and in addition to, our management fee, and KL Capital does not receive any portion of these other charges, fees, taxes, costs and commissions. Clients should consult the funds' prospectuses for a complete description of all fees and expenses.

Item 6 – Performance-Based Fees and Side-by-Side Management

KL Capital charges fees based on assets under management or fixed-fees, as described more fully above. We do not currently charge performance-based fees.

Certain of the client accounts managed by KL Capital are simultaneously managed according to the same or similar Strategy or Index (i.e., side-by-side management). The simultaneous management of such accounts creates certain conflicts of interest, because the fees for the management of certain clients are higher than others. Nevertheless, when managing the assets of such clients, KL Capital seeks to treat all such clients fairly and equitably over time.

Although KL Capital seeks to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios may not necessarily be managed in the same manner at all times. Specifically, there is no requirement that KL Capital use the same investment practices consistently across all portfolios. KL Capital will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios managed using a similar Strategy due to a variety of factors, including differences in cash flows and the timing of trading. As a result, although KL Capital seeks to manage multiple portfolios and accounts with similar or identical investment objectives, the portfolio decisions relating to these portfolios, and the performance resulting from such decisions, may differ. See Item 12 for more information on KL Capital's trade aggregation and allocation practices.

Item 7 – Types of Clients

KL Capital offers investment advisory services to pension and profit-sharing plans, non-U.S. investment companies, state or municipal government entities, insurance companies, charitable organizations, registered investment companies, investment advisers, corporations and other business entities, model portfolio providers and other financial intermediaries.

In general, KL Capital requires a minimum account size of \$20,000,000 for separate account clients. Account minimums may be waived at the discretion of KL Capital.

Details of minimum investment requirements for the Mutual Funds and ETFs can be found in the respective product's offering materials.

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

Methods of Analysis and Investment Strategies

As detailed above under Item 4, the firm's primary investment strategy is known as the Knowledge Leaders Strategy (the "Strategy"). The Strategy seeks to transform the "Knowledge Effect" into portfolio alpha. The Knowledge Effect is, in short, the tendency of stocks of highly innovative companies to experience excess returns. In this regard, the Strategy seeks to identify "Knowledge Leaders," or highly innovative companies, by measuring a company's investment in its future growth. Knowledge Leaders tend to possess deep reservoirs of intangible capital as a result of their history of investing in knowledge-intensive activities like research and development, brand development and employee education. In locating Knowledge Leaders, KL Capital looks for companies that possess competitive advantages, such as a strong brand, proprietary knowledge or a unique distribution mechanism. Our selected Knowledge Leaders are largely service-based and advanced manufacturing businesses, often operating globally.

The Strategy generally allocates the portfolio's assets among three asset classes: equity, fixed income and cash or cash equivalents. The proportional invested in each asset type at any given time depends on analysis of market factors, including economic growth, inflation, credit spreads and relative valuations. At any point, the Strategy's investment in any of the asset classes could be underweight or overweight relative to our target allocations, based on our discretion. Allocation percentages are measured at the time of purchase. In addition, clients may establish guidelines for percentage allocation ranges among a particular asset class.

Equity Securities

In selecting the Strategy's equity investments, we focus on equity securities of U.S. and/or foreign companies that we consider to be "Knowledge Leader" companies. The Strategy may invest in stocks of any market capitalization and in companies in all industry groups and geographic locations, although the Strategy may have a significant portion of its assets invested in the securities of companies in one or a few countries or regions.

We consider Knowledge Leaders to be companies that have demonstrated histories of successfully employing their research and development and have built competitive advantages using their own firm-specific resources, such as proprietary knowledge, intellectual property or a unique distribution mechanism. Based on academic research, we believe the market is generally inefficient at valuing such high growth companies because traditional financial data overlooks hidden value in such companies' assets. We seek to identify Knowledge Leaders through a proprietary, quantitative process. First, we employ a quantitative screen designed to identify those companies that exceed specific criteria demonstrating innovation intensity, profitability and financial stability. We then use proprietary financial models to re-calculate financial data, and consider other factors, including valuation and quality, and use technical analysis to seek to identify undervalued companies for investment. The Strategy may also invest in ETFs that invest in equity securities.

Due to the nature of the portfolio construction process, a client may have a significant portion of its assets invested in the securities of companies in one or more countries or regions and/or sectors. We seek to regularly monitor portfolios, and make adjustments on a day-to-day basis, as deemed appropriate.

Fixed Income Securities and Fixed Income ETFs

Fixed income exposure for the Strategy will primarily be through fixed income securities and other alternative ETFs that provide exposure to government, municipal, corporate and mortgage-related fixed income securities. In selecting these investments, we consider various factors, including opportunities for appreciation, income and diversification. The fixed income ETFs in which the Strategy invests may invest in fixed income investments of any maturity and credit quality. The Strategy may also invest in U.S. Government securities and other fixed income securities of any maturity and credit quality including high yield securities, commonly referred to as “junk bonds,” that are rated below investment grade by a nationally recognized statistical rating organization such as Moody’s, S&P or Fitch (or if unrated, are determined by us to be of comparable credit quality).

Cash or Cash Equivalents

The Strategy’s investment in cash equivalents may include money market funds, money market instruments and repurchase agreements. The Strategy may also invest in ETFs that invest in money market instruments. The money market instruments in which the Strategy may invest include: obligations of the U.S. Government, its agencies or instrumentalities; commercial paper rated A-1 or higher by S&P or Prime-1 by Moody’s; and certificates of deposit, bankers’ acceptances and bank time deposits issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation.

When we believe that current market, economic, political or other conditions are unsuitable and would impair the pursuit of the Strategy’s investment objective, the Strategy may invest almost all of its assets in cash or cash equivalents. When the Strategy takes a temporary defensive position, the Strategy may not achieve its investment objective.

Sell Discipline

Our sell discipline seeks to limit downside volatility and provide capital preservation. We may sell a position for various reasons, including: 1) to allocate capital to a new idea, 2) if a company no longer meets the criteria of a Knowledge Leader or our other investment-related criteria, 3) to reduce stock specific risk or 4) to raise cash to meet redemption requests.

Indices

Our Indices follow the portfolio construction requirements set forth in the applicable Index description. Our Indices may employ fewer asset classes such as equity and cash or cash equivalents than discretionary managed accounts. Indices are rebalanced on a semi-annual basis.

Material, Significant, or Unusual Risks Relating to Investment Strategies

With respect our discretionary management services, there may be risks associated with its active management. A fund or separately managed account is an actively managed portfolio, and its success depends upon the investment skills and analytical abilities of KL Capital to develop and effectively implement strategies that achieve its investment objectives. Subjective decisions may cause a fund or separately managed account to incur losses, or to miss profit opportunities on which it might otherwise have capitalized.

KL Capital uses various screens and databases (including proprietary research), investment techniques and analyses in managing client portfolios, in an effort to identify Knowledge Leaders and other targeted portfolio characteristics, but there can be no assurance that these approaches will achieve the desired results.

Any fund or separately managed account is not a complete investment program, and an investor may lose money by investing in it. All investments carry a certain amount of risk, and there is no guarantee that a fund or separately managed account will achieve its investment objectives. In general, a fund's annual operating expenses as a percentage of its average daily net assets will change as fund assets rise or fall, and those expenses may vary in the future. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its objectives. An investment in a fund or separately managed account is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other agency, entity or person.

Risks Associated With Particular Types of Securities

Before you decide whether to invest in the Strategy, carefully consider these risk factors and special considerations associated with investing in the Strategy, which may cause investors to lose money. Investing in securities involves risk of loss that clients should be expected to bear. Depending on the Strategy employed by KL Capital for your account, some or all of the risk factors below could apply.

- **Market Risk:** The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic or political conditions throughout the world, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The market value of a security or instrument also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.
- **Equity Risk:** The value of equity securities selected by KL Capital may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities selected by KL Capital to participate, or factors relating to specific companies in which KL Capital invests.
- **Foreign Investment Risk:** The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. In addition, changes in exchange rates and interest rates may adversely affect the values of the Fund's foreign investments. Foreign companies are generally subject to different legal and accounting standards than U.S. companies, and foreign financial intermediaries may be subject to less supervision and regulation than U.S. financial firms. Foreign securities include American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). Unsponsored ADRs and GDRs are organized independently and without the cooperation of the foreign issuer of the underlying securities and involve additional risks because U.S. reporting requirements do not apply. In addition, the issuing bank may deduct shareholder distribution, custody, foreign currency exchange, and other fees from the payment of dividends.
- **Currency Risk:** The values of investments in securities denominated in foreign currencies increase or decrease as the rates of exchange between those currencies and the U.S. Dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile and are affected by factors such as general economic conditions, the actions of the United States and foreign governments or central banks, the imposition of currency controls, and speculation.
- **Emerging Market Risk:** Many of the risks with respect to foreign investments are more pronounced for investments in issuers in developing or emerging market countries. Emerging market countries tend to

have government exchange controls, less market regulation, and less developed economic, political and legal systems than those of more developed countries. In addition, emerging market countries may experience high levels of inflation and may have less liquid securities markets and less efficient trading and settlement systems.

- ***Geographic Concentration Risk.*** An investment in a Strategy that is less diversified across countries or geographic regions is generally riskier than an investment in a more geographically diversified investment strategy. Investments in a single region, even if representing a number of different countries within the region, may be affected by common economic forces and other factors. This vulnerability to factors affecting the value of investments is significantly greater for an investment strategy that concentrates its investment in a particular region or regions than a more geographically diversified investment strategy, and may result in greater losses and volatility. The economies and financial markets of certain regions, such as Latin America, Asia or Eastern Europe, can be interdependent and may decline all at the same time.

For example, KL Capital may invest significant portions of its assets in the securities of companies in Europe, the Pacific Rim (i.e., the area surrounding the Pacific Ocean, including North America, South America, Australia, eastern Asia and the islands of the Pacific) and Asia. The European financial markets have recently experienced volatility and adverse trends due to concerns about rising government debt levels of certain European countries, each of which may require external assistance to meet its obligations and run the risk of default on its debt, possible bail-out by the rest of the European Union or debt restructuring. Assistance given to a European Union member state may be dependent on a country's implementation of reforms in order to curb the risk of default on its debt, and a failure to implement these reforms or increase revenues could result in a deep economic downturn. The Pacific Rim region includes countries in all stages of economic development; however, it has a higher prevalence of emerging market countries as compared to other regions of the world. The region has historically been highly dependent on global trade, with nations taking strong roles in both the importing and exporting of goods; such a relationship creates a risk with this dependency on global growth. KL Capital's investments in the securities of companies in Asia may be adversely affected by political, economic, social and religious instability; inadequate investor protection; changes in laws or regulations of countries within the Asian region (including countries in which KL Capital invests, as well as the broader region); international relations with other nations; natural disasters; corruption and military activity. An investment that is less diversified across countries or geographic regions is generally riskier than an investment in a more geographically diversified strategy. Investments in a single region, even if representing a number of different countries within the region, may be affected by common economic forces and other factors. This vulnerability to factors affecting the value of investments is significantly greater for a strategy that concentrates its investment in a particular region or regions than a more geographically diversified strategy, and may result in greater losses and volatility. The economies and financial markets of certain regions, such as Latin America, Asia or Eastern Europe, can be interdependent and may decline all at the same time.

- ***Small-Capitalization and Mid-Capitalization Company Risk:*** The securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions.

- ***Large-Capitalization Company Risk:*** Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.

- ***ETF Risk:*** Investing in an ETF will provide the accounts with exposure to the securities comprising the index on which the ETF is based and will expose the accounts to risks similar to those of investing directly

in those securities. Shares of ETFs typically trade on securities exchanges and may at times trade at a premium or discount to their net asset values. In addition, an ETF may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses. Brokerage commissions are associated with the purchase and sale of shares of ETFs.

- **Fixed Income Securities Risk:** The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changes in an issuer's credit rating or market perceptions about the creditworthiness of an issuer. 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.

- **High Yield ("Junk") Bond Risk:** High yield bonds (often called "junk bonds") are speculative, involve greater risks of default or downgrade and are more volatile and tend to be less liquid 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. Companies issuing high yield fixed-income securities are less financially strong, are more likely to encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than companies with higher credit ratings.

- **Mortgage-backed and Other Asset-backed Securities Risk:** The Strategy may be exposed to mortgage-backed and asset-backed securities through KL Capital's investment in fixed income ETFs. Mortgage-related and other asset-backed securities are subject to certain risks in addition those related to fixed income securities generally. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if an ETF holds mortgage-backed securities, it may exhibit additional volatility. This is known as "extension risk." In addition, adjustable and fixed rate mortgage-backed securities are subject to "prepayment risk." When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of an ETF because the ETF may have to reinvest that money at lower prevailing interest rates. An ETF's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

- **Municipal Bond Risk:** The Strategy may be exposed to municipal bonds through KL Capital's investment in fixed income ETFs. U.S. state and local governments issuing municipal bonds rely on taxes and revenues from private projects financed by municipal securities to pay interest and principal on municipal debt. The payment of principal and interest on these obligations may be adversely affected by a variety of factors at the state or local level, including poor statewide or local economic results, changing political sentiments, legislation, policy changes or voter-based initiatives, erosion of the tax base or revenues of the state or one or more local governments, natural disasters, or other economic or credit problems.

- **Derivatives Risk:** KL Capital may invest in alternative ETFs which may invest in derivatives. Derivatives include instruments and contracts that are based on, and are valued in relation to, one or more underlying securities, financial benchmarks, indices, or other reference obligations or measures of value. Major types of derivatives include futures, options, swaps and forward contracts. Depending on how an ETF uses derivatives and the relationship between the market value of the derivative and the underlying instrument, the use of derivatives could increase or decrease the ETF's exposure to the risks of the underlying instrument. Using derivatives can have a leveraging effect and increase an ETF's volatility. A small investment in derivatives could have a potentially large impact on an ETF's performance. Derivatives transactions can be highly illiquid and difficult to unwind or value, and changes in the value of

a derivative held by an ETF may not correlate with the value of the underlying instrument or the ETF's other investments. Many of the risks applicable to trading the instruments underlying derivatives are also applicable to derivatives trading. However, additional risks are associated with derivatives trading that are possibly greater than the risks associated with investing directly in the underlying instruments. These additional risks include, but are not limited to, illiquidity risk, operational leverage risk and counterparty credit risk. For derivatives that are required to be cleared by a regulated clearinghouse, other risks may arise from the account's relationship with a brokerage firm through which it would submit derivatives trades for clearing, brokerage firm. The account would also be exposed to counterparty risk with respect to the clearinghouse.

- **Portfolio Turnover Risk.** Active and frequent trading of the selected securities may lead to higher transaction costs and may result in a greater number of taxable transactions, which could negatively affect the Strategy's performance. A high rate of portfolio turnover is 100% or more.

- **Management and Strategy Risk:** The value of your investment depends on our judgment about the quality, relative yield, value or market trends affecting a particular asset class, security, industry, sector or region, which may prove to be incorrect. Analysis of intellectual property is complex and our analysis could be incorrect. Our investment strategies employed in selecting investments for the Strategy may not result in an increase in the value of your investment or in overall performance equal to other investments.

- **Allocation Risk:** The risk that if KL Capital's determination for allocating assets among different asset classes does not work as intended, the Strategy may not achieve its objective or may underperform other strategies with the same or similar investment strategy.

- **Sector Concentration Risk:** To the extent that the firm's Strategy is concentrated in or significantly exposed to a particular sector, the account will be susceptible to loss due to adverse occurrences affecting that sector. The account will be subject to the risk that economic, political or other conditions that have a negative effect on these sectors may adversely affect the account to a greater extent than if the Strategy's assets were invested in a wider variety of sectors or industries.

- **Correlation Risk:** Although the prices of equity securities and fixed-income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets the prices of these securities and asset classes can also fall in tandem. Because KL Capital allocates investments between equities and fixed income securities, the Strategy is subject to correlation risk.

Additional Risks related to Index Products

In addition to the specific investment risks above, to the extent a client retains KL Capital to provide an Index and where KL Capital is responsible for managing the client's assets in accordance with the Index, the following additional risk may apply.

- **Sampling Risk:** KL Capital may use a representative sampling approach with respect to any Index. To the extent utilized, sampling result in the client's account holding a smaller number of securities than are in the Index. As a result, an adverse development respecting an issuer of securities held by the account could result in a greater decline in the account's value than would be the case if the account held all of the securities in the Index. Conversely, a positive development relating to an issuer of securities in the Index that is not held by the account could cause the account to underperform the Index. To the extent the assets in the account are smaller, these risks will be greater.

Item 9 – Disciplinary Information

There are no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

Knowledge Leaders Capital is majority owned by Knowledge Leaders Holding, LLC which is in turn owned by KL Capital's Chief Investment Officer, Steven C. Vannelli, through Intangible Capital, LLC ("Intangible"). In addition to being the majority owner of KL Capital, Intangible provides investment-related research to KL Capital. Intangible offers clients a web-based point and figure style technical charting software for sectors, industries and companies in the MSCI World Index.

The minority owner of the firm is Gavekal Partners Limited, a British Virgin Islands entity. Gavekal Capital Partners is wholly owned by Gavekal Capital Management Limited, a Cayman Islands company. The minority owner of KL Capital is under common control with two other investments advisers – Gavekal Capital Limited and Gavekal Fund Management (Ireland) Limited. Gavekal Capital Limited is registered with both the SEC as an investment adviser and the Hong Kong Securities and Futures Commission under Type 9 (asset management). Gavekal Fund Management (Ireland) Limited is regulated by Central Bank of Ireland.

Certain employees of KL Capital are registered representatives with Foreside Fund Services, LLC ("Foreside"). As registered representatives, the employees are authorized to sell KL Capital's mutual funds and other products and receive compensation in connection with such activities. KL Capital is not affiliated with Foreside. Such registered representatives have an incentive to sell KL Capital's products over other products where such registered representatives do not receive compensation.

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

Summary of Code of Ethics and Personal Trading

KL Capital maintains and enforces a Code of Ethics (the "Code") as required by Section 204A-1 of the Investment Advisers Act of 1940, as may be amended ("Advisers Act"). The purpose of the Code is to ensure honest and ethical behavior by all supervised persons within KL Capital.

The Code applies to all "supervised persons," which include all of KL Capital's officers and employees who provide investment advice on behalf of KL Capital. Upon employment or affiliation and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with the Code. KL Capital has the responsibility to ensure that the interests of all clients are placed ahead of KL Capital and its supervised persons' own investment interests. The Code is available upon request. You may obtain a copy of the Code by calling (303) 763-1810.

KL Capital and its supervised persons may buy or sell for their personal accounts, investment products identical to those recommended for clients. In order to mitigate any potential conflict of interest, we have policies and procedures in place to seek to prevent supervised persons from benefiting from transactions placed on behalf of a client.

The Code outlines the safeguards in place to monitor the personal security holdings of supervised persons. The Chief Compliance Officer ("CCO") maintains records of all personal securities transactions of all KL Capital supervised persons for "reportable securities." Ownership of securities by a supervised person's household family member is presumed to be ownership by the supervised person.

KL Capital's insider trading policies prohibit the firm and its personnel from trading, or recommending trading, for clients or themselves, in securities of an issuer while in possession of material, non-public information about the issuer, and from disclosing any such information to any person not entitled to receive it.

Other Conflicts of Interest

KL Capital is not required to devote its full time or any material portion of time to any particular investment activity it is currently involved in, and may in the future become involved in other business ventures, including other investment strategies and funds whose investment objectives, strategies and policies are the same or similar. These other ventures will compete for the firm's time and attention and might create additional conflicts of interest, as described below.

KL Capital may have an incentive to favor one or more of its clients with regard to the allocation of investment opportunities. The firm will act in a fair and reasonable manner in allocating suitable investment opportunities among clients and funds; however, no assurance can be given that (i) a client or fund participates in all investment opportunities in which other clients or funds participate, (ii) particular investment opportunities allocated to clients or funds will not outperform investment opportunities allocated to other clients or funds, or (iii) equality of treatment between clients and funds will otherwise be assured.

Cyber Security Policy

KL Capital is becoming increasingly dependent on devices, services and applications that connect to the internet such as smartphones, email, social media, and cloud computing services. While these services increase efficiencies and revenues, this dependence increases our chances of being targeted by cyber-attacks. For these reasons, KL Capital has instituted a cyber-security policy to help in identifying, mitigating and protecting against cyber-security threats. Password updates, software updates, firewall protections, physical barriers to entry and limited access to sensitive client data are several protections put in place to mitigate cyber related threats. That being said, KL Capital acknowledges that security threats can never be completely eliminated and clients remain subject to cyber related risks.

Item 12 – Brokerage Practices

We maintain trading relationships with broker-dealers and seek to ensure that the broker-dealers we use to execute trades are doing so in a competitive fashion for our clients. Specifically, in choosing a broker-dealer to execute a transaction, we seek to obtain "best execution" for the client's account, meaning a combination of the best net price and execution under the circumstances. We determine which broker-dealer we believe can provide best execution by taking into consideration various factors which include but are not limited to (i) the desired timing of the trade and the ability of the broker or dealer to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and the difficulty of execution), (iii) the financial strength, reputation, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria and (vi) the nature and character of the markets for the security to be purchased or sold. While we generally seek lower commission rates, payment of the lowest commission or spread is not necessarily consistent with obtaining best price and execution in particular transactions. In recognition of the value of research services and additional brokerage products and services (discussed further under "Soft Dollar Practices" below), we may pay higher commissions and/or trading costs than those that may be available elsewhere if we determine in good faith that the amount of such commission cost is reasonable in relation to the value of the services provided by the broker. In addition, although such products and services may generally benefit our firm, they may not directly relate to transactions executed on a specific client's behalf.

Soft Dollar Practices

“Soft dollars” refers to the receipt by an investment adviser of products and services that brokers provide, without making any separate cash payments for such products or services, based on the volume of commission revenues generated from securities transactions placed with those brokers on behalf of the adviser’s clients. The products and services available from brokers include both internally generated items (such as research reports prepared by the broker’s employees) and items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment advisers who use soft dollars generated by their client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. Our use of brokerage commissions to obtain research services creates a conflict of interest between us and our clients because clients may pay in the form of higher commissions for products and services that may not be exclusively used for their benefit. We do not limit soft dollar benefits to those client accounts generating such benefit, nor do we allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollars would tend to benefit the firm. For the sake of clarification, our firm uses research to assist us in making our investment decisions, not just for those accounts whose commissions may be considered to have been used to pay for such research.

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services and other nonmonetary benefits a broker-dealer has provided or will provide to our clients and our firm. Research products our firm has and may receive from broker-dealers may consist of boutique research and tools, financial research solutions and investment analytics tools, economic surveys, data and analyses, financial publications and recommendations or other information about particular companies and industries (through research reports and otherwise).

These benefits may influence us to select one broker over another to perform services for our client accounts. Nevertheless, we will attempt to assure that (i) that the fees and costs for services that brokers offering these benefits provide are reasonable and not materially greater than services performed by brokers not offering such benefits and (ii) that our client accounts will benefit from those services.

Commission Sharing Arrangements

KL Capital participates in “commission sharing arrangements” (“CSAs”), whereby KL Capital executes transactions through a broker-dealer and requests that the broker-dealer allocate a portion of the commissions (or commission credits) to another firm that provides research to KL Capital. KL Capital may also execute transactions through electronic communication networks and other alternative trading platforms (collectively “ECNs”). In these cases, the ECN or broker-dealer that administers the CSA receives a portion of the commission while another portion is credited to a pool which is later used to pay for research services received from other firms.

With respect to the brokers-dealers KL Capital may utilize for CSAs, KL Capital will negotiate a base commission rate plus an additional research commission rate (sometimes referred to as “cost pricing”). The CSAs, as well as the research KL Capital receives in connection with the arrangements, are designed to comply with Section 28(e) of the Exchange Act. KL Capital believes that participation in CSAs provides benefits that include:

1. Consolidation of payments for research obtained through multiple channels using accumulated commissions or credits from transactions executed through a particular broker-dealer or ECN;
2. Strengthening of relations with key KL Capital broker-dealers; and
3. Access to continuous research services while facilitating best execution in the trading process.

KL Capital believes independent research services are useful in the investment decision making process because they provide access to a variety of high quality research as well as individual analysts that otherwise might not be available to KL Capital without such arrangements. Research KL Capital may receive under a CSA can include proprietary as well as third party research.

Directed Brokerage

Clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If clients choose to direct our firm to use a particular broker, this may prevent us from aggregating trades with other client accounts and from effectively negotiating brokerage commissions on their behalf. This practice may also prevent our firm from obtaining a more favorable net price and execution. Thus, when directing brokerage business, clients should consider the commission expenses, execution, clearance and settlement capabilities that they will obtain through their broker in comparison to those that we would otherwise obtain for them. We encourage clients to contact us to discuss their available alternatives.

Brokerage for Client Referrals

KL Capital does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Trade Allocation and Order Aggregation.

KL Capital may provide investment management (including sub-advisory) services to more than one client, whose respective investment mandates (and corresponding investment programs) might or might not be the same or substantially similar. It is the firm's policy to allocate investment opportunities among participating accounts fairly and equitably over time. While this generally means that each such opportunity will be allocated on a pro rata basis among those accounts for which participation in that opportunity is considered appropriate, in accordance with the relative sizes of those different accounts' respective investment portfolios, KL Capital may also consider other factors, including, for example, differences among accounts based on their respective investment objectives and programs, cash availability, projected liquidity needs, existing portfolio positions, and tax considerations; any relevant legal restrictions, including any that might arise in foreign jurisdictions; and the desirability of avoiding a possible odd-lot or *de minimis* allocation. Such considerations, among others, could result in allocations of certain investments among KL Capital funds and separately managed accounts on other than a pro rata basis, which could result in differential performance among those funds and separately managed accounts, despite their having the same or substantially similar investment programs. KL Capital will have no obligation to purchase, sell or exchange for one client a security or other financial instrument that it purchases, sells or exchanges for another client, if KL Capital believes in good faith at the time the investment decision is made, based on such considerations, that the subject transaction would be unsuitable or impractical for a particular client.

If the firm determines that the purchase, sale or exchange of the same security is in the best interests of more than one client, it may (but is not obligated to) aggregate orders in order to reduce transaction costs to the extent permitted by law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client account will receive the same average price, with transaction costs allocated pro rata based on the size of each account's participation in the order (or allocation, in the event of a partial fill), as determined by KL Capital. In the case of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that the firm deems appropriate, including, for example, in order to avoid odd-lot or *de minimis* allocations.

Although we have yet to do so, we may implement a trade rotation policy for client trading where a client requires KL Capital to direct brokerage. Even though KL Capital may utilize trade rotation, KL Capital's accounts may trade the same securities at the same time. To the extent that orders cannot be completed on the same day or require a lengthy trading cycle to complete, KL Capital may rotate orders among clients.

Item 13 – Review of Accounts

Frequency and Nature of Review of Client Accounts

In connection with any fund or separately managed account for which KL Capital acts as investment manager or adviser, KL Capital will oversee any portfolio manager(s) actively engaged in managing the respective portfolio. KL Capital's team of investment professionals, including its Chief Investment Officer, will review each such portfolio's investments on a regular basis, as well as review investment opportunities on a regular basis.

Client accounts are generally invested according to one of KL Capital's Strategies. Variations in account-specific factors such as investment restrictions, the timing and amount of cash flows, and clients' custodian limitations will cause client accounts to vary from the Strategy, which itself is a representative client account that may have limitations of its own. Accounts are monitored for compliance with investment restrictions on a post-trade basis.

Factors Prompting Review of Client Accounts on Other than a Periodic Basis

Certain market, geopolitical or economic events may prompt more frequent reviews.

Content and Frequency of Account Reports to Clients

Except as otherwise agreed with a client, statements containing portfolio information and performance results are distributed to clients monthly, quarterly or periodically, based upon client needs or preferences. In addition, formal meetings with clients are arranged quarterly, semi-annually, or annually at the request of the clients based on their need to discuss their portfolio and performance results.

Clients will receive account statements from their custodian. We encourage clients to review the account statements sent directly by their custodian to confirm the holdings and transactions in their accounts. Any statement sent directly by KL Capital is not intended to be a substitute for account statements and other reports provided directly by the custodian. If a client does not receive an account statement from its custodian, KL Capital encourages the client to follow-up directly with its custodian. Depending upon a client's arrangements with its custodian, the client and/or its custodian will receive trade confirmations from the broker-dealers that execute trades on its behalf.

Item 14 – Client Referrals and Other Compensation

KL Capital does not currently employ any third parties to provide client referrals to the firm. To the extent the firm engages a third party solicitor, such arrangement will comply with the requirements set forth under the Advisers Act and/or other applicable law, including requiring a written agreement between the firm and the solicitor. Third-party solicitors must provide a copy of the firm's brochure and a separate solicitor's disclosure statement regarding the relationship between the solicitor and the firm to the prospective client at the time of the solicitation or referral. The prospective client will be requested to acknowledge this arrangement prior to acceptance of the account for advisory services.

To the extent permitted by applicable law, the compensation of certain KL Capital personnel whose job responsibilities are related primarily to marketing, sales, or business development may be determined based in part on the amount of fees generated by their efforts. Accordingly, KL Capital personnel may have a conflict of interest in recommending products where KL Capital personnel receive compensation over other products where no compensation may be paid.

Certain of KL Capital's personnel are registered representatives of Foreside and engage in wholesaling and client service activities on behalf of the KL Capital's mutual funds and other products. For their sales activities, the

personnel may receive compensation related to the net inflows into such fund's interests. Such activities are conducted through the broker-dealer.

Item 15 – Custody

KL Capital does not act as a custodian for client assets. However, under Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), KL Capital may be deemed to have custody of client assets.

For separate account clients, KL Capital will invoice clients for the payment of advisory fees, and does not take physical custody of any client funds and/or securities. Funds and securities will be held with a bank, broker-dealer or other independent, qualified custodian. Clients receive account statements monthly from the independent, qualified custodian holding their funds and securities. Clients should carefully review account statements for accuracy.

In the case of the Mutual Fund, arrangements have been made with qualified custodians as disclosed in the relevant offering documents.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact KL Capital at (303) 763-1810.

Item 16 – Investment Discretion

Advisory Services

KL Capital will generally, in the case of funds and some separate accounts, have full discretionary authority to trade, invest and manage its clients' assets on a day-to-day basis, including the discretionary authority to determine the securities to be bought or sold by or on behalf of clients, the amount to be bought or sold, the broker to be used for each transaction, and the commission rates (or markups or markdowns) to be paid.

As KL Capital's clients participate in the Strategy, there is limited direction that clients can impose on the buys and sells of their account. In certain cases, particularly in the advisory client context, a client could put a restriction on a security/industry that was too correlated to other investments, or on asset allocation. This would be determined on a case by case basis.

That being said, when selecting securities and determining amounts to be bought or sold on behalf of clients, KL Capital observes the respective clients' investment guidelines, policies, limitations and restrictions. For the Mutual Fund, KL Capital's authority to trade securities may also be limited by certain securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines, policies, limitations and restrictions must be provided to KL Capital in writing by the respective client, generally at the outset of the advisory relationship. Clients who impose investment restrictions should be aware that any restrictions placed on the account will affect the account's performance which can result in underperformance relative to other client accounts invested pursuant to the Strategy.

Item 17 – Voting Client Securities

Statement of Policy

Proxy voting is an important right of clients and reasonable care must be undertaken to ensure that such rights are properly and timely exercised. When KL Capital has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with its proxy policies and procedures. KL Capital has selected an unaffiliated third-party proxy research and voting service to assist in the electronic record keeping and management of the proxy process with respect to client securities.

In particular, KL Capital has entered into an agreement with the Institutional Shareholder Services (“ISS”) in order to vote proxies for which KL Capital is responsible. ISS will vote such proxies in accordance with ISS’s proprietary research and its proxy voting guidelines, which have been adopted by KL Capital. Notwithstanding the contractual delegation to ISS, we will continue to monitor the proxy voting. If KL Capital disagrees with a proxy voting recommendation made by ISS, we maintain the right to override their recommendation and instruct them to vote (which could include voting “abstain” or withholding a vote completely) the proxy based on KL Capital’s determination.

Voting Guidelines

KL Capital has adopted proxy voting policies and procedures to make every effort to ensure that proxies are voted in the best interest of clients and according to the value of the investment.

KL Capital does not anticipate conflicts of interest with respect to proxy voting. KL Capital anticipates that it will generally follow the recommendations of ISS’s “implied consent” voting policy, thus further reducing the likelihood of potential conflicts of interest. If we elect to override a recommendation from ISS, we will determine whether such override presents a potential conflict of interest. Our policy is to resolve any conflicts of interest to the client’s benefit.

In accordance with the Advisers Act, KL Capital will maintain the required proxy policies and procedures, proxy statements, record of votes on clients’ behalf, record of client’s requests for voting information, any document prepared by KL Capital that were material to making its decision to vote or that memorialize the basis for its decisions and any other material documents. Clients may expressly retain the right and obligation to vote any proxies or take action relating to specified securities held in the account upon written notice to KL Capital. A copy of KL Capital’s proxy voting policies and record are available upon request by calling (303) 763-1810.

For accounts other than funds, KL Capital does not take responsibility for filing class action claims on behalf of its clients.

Item 18 – Financial Information

Item 18 is not applicable to us.