

BROCHURE OF
MASONRY CAPITAL MANAGEMENT, LLC

A Delaware limited liability company registered with the Securities and Exchange
Commission as an Investment Adviser (CRD #292664)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF MASONRY CAPITAL MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (434) 817-4237.

THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AUTHORITY.

MASONRY CAPITAL MANAGEMENT, LLC IS REGISTERED AS AN INVESTMENT ADVISER WITH THE SEC. REGISTRATION WITH THE SEC OR WITH ANY STATE SECURITIES REGULATOR DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

ADDITIONAL INFORMATION ABOUT MASONRY CAPITAL MANAGEMENT, LLC IS AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this brochure is

February 20, 2019

The delivery of this brochure (the “Brochure”) at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

Securities and other investments in client portfolios

- **ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (“FDIC”) OR ANY OTHER GOVERNMENT AGENCY;**
- **ARE NOT A DEPOSITS OR OTHER OBLIGATION OF, OR GUARANTEED BY, A BANK OR ANY BANK AFFILIATE; AND**
- **ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.**

Material Changes

There have been no material changes to report regarding our advisory business since Masonry Capital Management, LLC's previously filed Brochure dated April 6, 2018.

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Exhibit A – Privacy Notice

I. Part 2A – DISCLOSURE ITEMS ABOUT THE FIRM

Item 4. Advisory Business:

- (A) **Operational and Organizational Information:** Masonry Capital Management, LLC (the “**Firm**” or “**we**”), a Delaware limited liability company, is wholly owned by Virginia National Bankshares Corporation, a bank holding company headquartered in Charlottesville, Virginia. As stated on the cover page of this Brochure, registration as an investment adviser does not imply a level of skill or training. The Firm was established in January, 2018.
- (B) **Types of Advisory Services Offered:** The Firm acts as investment manager to Masonry Partners Fund, LP, a Delaware-domiciled limited partnership (the “**Fund**”). Masonry Capital GP, LLC, a Delaware limited liability company, is the general partner (the “**General Partner**”) of the Fund and is responsible for the management of the Fund’s operations. The General Partner is wholly owned by the Firm. The Firm may also advise other pooled investment vehicles and/or separately managed accounts (the Fund and any such other pooled investment vehicles and/or separately managed accounts are referred herein as “**Clients**”). Investors in the Fund are referred herein as “**Fund Investors**”.

The Firm does not hold itself out as specializing in a particular type of advisory service. Please review the Firm’s investment guidelines, specified below under “Client Investment Guidelines and Parameters”.

Client Investment Guidelines and Parameters:

Generally: The Firm provides discretionary investment advisory services to all Clients in accordance with the terms and conditions of the relevant investment management agreement.

The Fund: The Fund’s investment objective is to seek absolute returns, on an after-fee basis versus the S&P 500, over the long term, primarily through locating and investing in undervalued securities while avoiding the permanent impairment of capital. The Firm intends to meet this investment objective primarily through capital appreciation; however, at times, a significant portion of the Fund’s returns could come from income generation, depending on where the markets are in a particular investment cycle.

Separately Managed Accounts: For separately managed accounts (“**Managed Accounts**”), please refer to the relevant investment management agreement for investment guidelines and parameters.

No assurance can be given that the Firm will achieve its objectives for the Fund or any Managed Account, and investment results may vary substantially over time and from period to period.

(C) **Advisory Services:** The Firm directs the investment of the Fund's assets pursuant to a pre-agreed investment objective and strategy, summarized above, which is disclosed to Fund Investors prior to their investment. The Firm does not tailor its advisory services to the individual needs of Fund Investors, and Fund Investors may not impose restrictions on investing in certain securities or types of securities. Each Fund Investor's investment will be allocated in the same manner as each of the other Fund Investors. For Managed Accounts, see response to Item 4.(B), above.

(D) **Wrap Fee Programs:** The Firm does not participate in wrap fee programs.

(E) **Client Assets Under Management:**

Discretionary: \$38,354,566 as of December 31, 2018.

Non-discretionary: \$61,613,992 as of December 31, 2018.

Total assets under management as of December 31, 2018:
\$100,048,290

Item 5. Fees and Compensation:

(A) **Generally:** Management fees for the Fund and each Managed Account are calculated based on a periodic percentage of the value of the assets under management of each account.

In consideration of its services to the Fund and each Managed Account, the Firm will receive a management fee (the "**Management Fee**"). The Management Fee that is charged to a Fund Investor is based on such Fund Investor's ownership of Class A or Class B interests. The Management Fee charged to Class A interests will be calculated at 0.5% annually (0.125% per quarter) and the Management Fee charged to Class B interests will be calculated at 1.00% annually (0.25% per quarter), with respect to the net assets of the Fund. The Management Fee will be calculated and payable to the Firm quarterly, in advance, as of the first day of each quarter (before deduction of that quarter's Management Fee and any accrued Performance Allocation). A pro rata Management Fee will be charged to Fund Investors on any amounts accepted by the General Partner during a quarter.

The Firm offers Managed Account clients either a fixed Management Fee or a customized fee structure. The fixed Management Fee is charged at a rate of 1.75% (i.e., 175 basis points) valued as of the last business day of the previous calendar quarter. The customized fee shall be agreed upon between the Firm and the Managed Account client and memorialized in the relevant investment management agreement.

In addition, the General Partner will collect a Performance Allocation (as defined below) from the Fund equal to 20% of the Fund's net income, as defined in Item 6, below. The Firm will also collect a performance-based fee from each Managed Account equal to 20% of the net profits (including realized and unrealized gains), subject to the Loss Carryforward (as defined below), unless such Managed Account client chooses the customized fee structure. Should a Managed Account client choose the customized fees structure, such performance-based fee, if any, shall be agreed upon between the Firm and the Managed Account client and memorialized in the relevant investment management agreement.

- (B) **Payment of Fees:** Management Fees for the Fund and Managed Accounts are calculated and deducted quarterly in advance, as specified in the applicable confidential private placement memorandum and related offering documents ("**Offering Documents**") of the Fund or the applicable investment management agreement for any Managed Account. No part of the Management Fee will be refunded in the event that (i) a Fund Investor withdraws, whether voluntarily or involuntarily, all or any of the value in such Fund Investor's capital account during any month or (ii) a Client withdraws assets from a Managed Account, unless specifically provided in the applicable investment management agreement.
- (C) **Additional Fees and Expenses:** The Firm will be responsible for its own general operating and overhead expenses associated with providing the management and investment management services. These expenses include all expenses incurred by the Firm in providing for its operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, computer systems, insurance, utilities, telephone, secretarial and bookkeeping services, etc.). Nonetheless, the Fund and any pooled vehicle which may be organized in the future will bear its own expenses as further described in the Offering Documents. In addition, Clients will incur brokerage and other transaction costs. Clients should review Item 12, which discusses conflicts of interest related to brokerage practices.

Fees upon Withdrawal from the Fund: Subject to certain restrictions described in the Offering Documents, a Fund Investor may withdraw all or any portion of its capital account(s) on the last day of any quarter (i.e., March 31, June 30, September 30 and December 31) upon at least 90 days' prior written notice to the Firm's administrator. Notwithstanding the foregoing, no partial withdrawal will be permitted if the value of the Fund Investor's capital account(s) after such withdrawal is implemented will be less than \$250,000 (subject to the discretion of the Firm to waive such requirement). All withdrawals shall be deemed made prior to the commencement of the following quarter.

Any withdrawals of capital by a Fund Investor during the first 12 months after the Fund interest were purchased will be subject to a fee ("**Early Withdrawal Fee**") equal to 3% of the amount withdrawn. The Early Withdrawal Fee will be payable to the Fund and deducted from the withdrawal proceeds of the withdrawing Fund Investor as of the applicable withdrawal date. If a Fund Investor purchases Fund interests on multiple dates, each tranche of interests will be tracked separately for purposes of the Early Withdrawal Fee, and withdrawals will be deemed made from Fund interests purchased on the earliest date (as adjusted for changes in the net asset value).

If the Firm, in its sole discretion, permits a Fund Investor to withdraw capital other than on a regularly scheduled withdrawal date, the Firm may impose an additional administrative fee to cover the actual legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal. Such fee will be payable to the Fund and deducted from the withdrawal proceeds of the withdrawing Fund Investor as of the date of withdrawal.

For additional information regarding termination of services and withdrawals, please see the Fund's Offering Documents or the investment management agreement for any Managed Account.

- (D) **Fees Paid in Advance:** Please review Item 5.(B), above.
- (E) **Additional Compensation of Supervised Persons:** Neither the Firm nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6. Performance-Based Fees and Side-by-Side Management:

In addition to the Management Fee, the General Partner will collect a Performance Allocation (as defined below) from the Fund equal to 20% of the Fund's net income (as defined below), subject to the loss carryforward (as defined below). The Firm will also collect a performance-based fee

from each Managed Account equal to 20% of the net profits (including realized and unrealized gains), unless such Managed Account client chooses the customized fee structure. The performance-based allocation charged to the Fund and the Managed Accounts are collectively referred to herein as the “**Performance Allocation**”.

The Firm’s wholly-owned subsidiary, the General Partner, will be compensated for its services to the Fund through a Performance Allocation. The General Partner will receive a Performance Allocation at the close of each fiscal year (or other period referred to below, as the case may be) equal to 20% of the Fund’s net income (including realized and unrealized gains and net of the Management Fee) attributable to each Fund Investor’s capital account for such period, subject to a Loss Carryforward (as defined below). Upon any withdrawal by a Fund Investor in the Fund, whether voluntary or involuntary, the Performance Allocation will be allocated with respect to the amounts withdrawn. The Performance Allocation will also be allocated upon dissolution of the Fund.

The Performance Allocation will be allocated in addition to, and separately from, the proportionate allocations of income and profits, or losses, to the Firm and/or its affiliates based upon their capital accounts relative to the capital accounts of all Fund Investors. The General Partner, in its sole discretion, may (a) waive or reduce the Performance Allocation with respect to one or more Fund Investors for any period of time, or (b) reallocate a portion of the Performance Allocation to certain Fund Investors.

The receipt of Performance Allocations is intended to align the interests of the Firm and its subsidiary with those of the Fund Investors and Managed Account clients and to provide the Firm and its subsidiary with a greater incentive to manage assets well. The nature of the Performance Allocation, however, creates a potential conflict of interest among the Firm, its subsidiary and all associated persons vis-à-vis its Clients.

Loss Carryforward: With respect to Managed Accounts, any Loss Carryforward shall be determined as set forth in the investment management agreement agreed upon between the Managed Account client and the Firm.

With respect to the Fund, the Performance Allocation is subject to what is commonly known as a “high water mark” provision. The high water mark will be used in order to prevent a scenario whereby a Performance Allocation is received merely for recouping prior losses. If a Fund Investor’s capital account has a net loss in any fiscal year (or other period, as applicable), this loss will be recorded and carried forward as to such capital account to future fiscal years (or other periods) (such amount is referred to as the “**Loss Carryforward**”). Whenever there is a Loss Carryforward for a Fund Investor’s capital account with respect to a fiscal year (or other period), the General Partner will not receive a Performance

Allocation with respect to such capital account for future fiscal years (or other periods) until the Loss Carryforward amount for such capital account has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such capital account for the fiscal years (or other periods) following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation will be based on the excess profits (over the Loss Carryforward amount) as to such Fund Investor's capital account, rather than on all profits.

When a Fund Investor withdraws capital from the Fund, any Loss Carryforward will be adjusted downward in proportion to the withdrawal. The Firm may agree with any Fund Investor to apply a different Loss Carryforward provision for such Fund Investor.

Item 7. Types of Clients:

The Firm provides advisory services for the Fund and for Managed Accounts. The minimum investment in the Fund is \$500,000 and the minimum subsequent investment is \$50,000. Please refer to the relevant investment management agreement for minimum investments amounts in any Managed Accounts. The Firm has discretion to accept lesser investment and minimum account balances.

In general, in order to invest in the Fund, a Fund Investor must meet certain minimum suitability requirements, including qualifying as an "Accredited Investor" under the Securities Act of 1933, as amended, and as a "Qualified Client" under the Investment Advisers Act of 1940, as amended.

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

(A) Methods of Analysis and Investment Strategies:

The Firm's investment objective on behalf of its Clients is to seek to generate absolute returns while providing an after-fee return substantially above the S&P 500 over the long term, primarily through locating and investing in undervalued securities while avoiding the permanent impairment of capital. The Firm intends to meet this investment objective primarily through capital appreciation; however, at times, a significant portion of the Fund's returns could come from income generation, depending on where the markets are in a particular investment cycle.

With regard to individual investments, the Firm will target a minimum 15% internal rate of return ("**IRR**"), via a combination of current free cash flow or earnings yield plus growth along with any projected increase in multiple, as well as any dividends

accrued. If the Firm believes that it cannot obtain a 15% IRR with a sufficient margin of safety, the Firm will most likely not make a particular investment.

The Firm expects that the majority of its Client's portfolios will be committed to high-quality businesses trading at significant discounts to the Firm's estimate of intrinsic value, while also seeking out misunderstood and neglected special situations that have, in the Firm's opinion, highly skewed risk/reward profiles with the potential to generate outsized returns. In general, long investments will be made in a wide variety of securities and financial instruments in the public markets, primarily in the U.S., and are expected to include common stocks (from micro-cap to large-cap), preferred stocks, corporate bonds, bank loans and other debt securities, convertible securities, ETFs, options, warrants, and cash and cash equivalents. The Fund may also sell securities short, use options on indexes and individual names, and utilize ETFs to hedge individual securities, sectors or portfolio risk.

Further, the Firm expects that concentrated or core investments may be made in those companies that are perceived to have high and increasing returns on invested capital, recurring revenues and the ability to generate substantial free cash flow. Additionally, smaller investments may be made in undervalued securities throughout the capital structure of companies undergoing various types of corporate events, including, but not limited to, the following: refinancings, mergers and acquisitions, balance sheet restructurings, earnings acceleration, divestitures, spin-offs and litigation with a particular emphasis placed on small-cap and micro-cap securities.

Finally, the Firm believes that an identifiable catalyst will be a key component in almost all of its investments for the Client. Such catalyst can be "soft" or "hard." The Firm generally believes that a "soft" catalyst as an event that creates inflection points in the way a company is valued via a change in multiple or in the trajectory or level of their operating results, while a "hard" catalyst is aligned with the traditional definition of a targeted corporate event, such as a spinoff or restructuring.

In the sole discretion of the Firm, the investment strategies of any Managed Accounts can be similar to the Fund's investment strategy or can be tailored to the individual guidelines of any Managed Account clients.

No assurance can be given, however, that these objectives will be achieved, and investment results may vary substantially over time and from period to period.

(B) Risks Associated with the Firm's Investment Strategies:

Short Selling: Although the Firm may sell short a variety of assets, it expects most short trades to be in equity securities. Short selling involves the sale of a security that a Client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Client must borrow securities from a third party lender. The Client subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. Clients must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Client a fee for the use of the Client's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. Clients may be subject to substantial losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments: The Firm may invest, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the Client in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also 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. The Client is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of expected volatility of the underlying securities, currencies or other assets. Accordingly, options on

highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument or asset at the exercise price.

If a put or call option purchased for the Client were permitted to expire without being sold or exercised, the Client would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold for the Client at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold for the Client at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Client of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty,

including risks relating to the financial soundness and creditworthiness of the counterparty.

Changes in Derivatives Regulations: The regulatory environment for derivatives is evolving, and changes in such regulation could restrict, make more costly, or otherwise adversely affect the Firm's ability to pursue its Clients' investment strategy.

Investments in Securities and Other Assets Believed to Be Undervalued: The Firm's investment program contemplates that a portion of the Client portfolios will be invested in securities and other assets that the Firm believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from investments may not adequately compensate for the business and financial risks assumed. The current economic conditions and any future major economic recession can severely disrupt the markets for such investments and significantly impact their value. In addition, any such economic downturn can adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, Clients may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of funds would be committed to the investments made, thus possibly preventing Clients from investing in other opportunities.

Small Companies: The Firm may invest a portion of the assets in small and/or unseasoned companies with small market capitalizations. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, Clients may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Leverage: When deemed appropriate by the Firm and subject to

applicable regulations as well as any limitations contained in the applicable investment management agreement, the Client may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Client purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Client. If the interest expense on this leverage were to exceed the net return on the investments made with borrowed funds, the Client's use of leverage would result in a lower rate of return than if the Client were not leveraged.

Market Volatility: The profitability of the investments chosen by the Firm substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other financial instruments and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Dependence Upon the Firm and the Principals; No Participation in Management: Clients' success will depend on the management of the Firm and on the skill and acumen of Mark Meulenberg, its principal. If the principal should cease to participate in the Firm's business, the Firm's ability to select attractive investments and manage Clients' portfolios could be severely impaired.

Broad Discretionary Power to Choose Investments and Strategies: The Offering Documents and investment management agreements for Managed Accounts give the Firm broad discretionary power to decide what investments Clients will make and what strategies they will use. While the Firm currently intends to use the strategies laid out in the Offering Documents or investment management agrees, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

Lack of Insurance or Guaranty: Client assets are not insured by any government or private insurer, except to the extent portions may be deposited in bank accounts insured by the FDIC or with broker-dealers insured by the Securities Investor Protection

Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, Clients may be unable to recover all of their funds or the value of securities so deposited.

Except to the extent of Client assets may be deposited in bank accounts, securities and other investments in Client portfolios

- **ARE NOT INSURED BY THE FDIC OR ANY OTHER GOVERNMENT AGENCY;**
- **ARE NOT A DEPOSITS OR OTHER OBLIGATION OF, OR GUARANTEED BY, A BANK OR ANY BANK AFFILIATE; AND**
- **ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.**

Competition: The securities industry and the varied strategies and techniques to be engaged in by the Firm are extremely competitive and each involves a degree of risk. The Firm will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Investment Activities: Investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of Clients to realize profits. As a result of the nature of the investing activities, it is possible that financial performance may fluctuate substantially from period to period.

Material Non-Public Information: By reason of their responsibilities in connection with other activities of the Firm and/or its affiliates, certain principals or employees of the Firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm will not be free to act upon any such information. Due to these restrictions, the Firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information: The Firm may select investments for Clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates such information and data and may seek independent corroboration

when the Firm considers it is appropriate and when it is reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Hedging Transactions: Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds, the Firm, other investment managers, and similar organizations to hedge against fluctuations in the relative values of client portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible to hedge against a fluctuation at a price sufficient to protect assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

The Firm is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedges are implemented, their success is dependent on the Firm's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Market or Interest Rate Risk: The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If a Client holds a fixed income security to maturity, the change in its price before maturity may have little impact on such Client's account performance; however, if a Client has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to such Client.

Call Option Risk: Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this

right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, a Client is exposed to reinvestment rate risk – a Client will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk: In certain situations, the Firm, on behalf of certain Clients, may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Firm will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk: Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Firm, on behalf of certain Clients, purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, a Client is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Risk of Default, Bankruptcy or Illiquidity of Third Parties: Clients may engage in transactions in securities, commodities and other financial instruments and assets that involve counterparties. Under certain conditions, the Client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities or other financial instruments or assets were to become illiquid. In addition, the Client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Client does business, or to which securities, commodities or other financial instruments or assets have been entrusted for custodial purposes.

Additional Counterparty Risk: Many of the markets in which the Firm effects Clients' transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the relevant contract or because of a credit or liquidity problem, thus causing the Client to suffer a loss. Such risk may be accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties.

No Minimum Size of the Fund: The Fund may continue operations without attaining or maintaining any particular level of capitalization. At low asset levels, the Fund may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities broker-dealers. It is possible that even if the Fund operates for a period with substantial capital, Fund Investors' redemptions could diminish the Fund's assets to a level that does not permit the most efficient and effective implementation of the Fund's investment program. As a result of losses or redemptions, the Fund may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Firm.

Liability of a Fund Investor for the Return of Capital Contributions: If the Fund should become insolvent, the Fund may be required to return any property distributed to it at the time the Fund was insolvent, and forfeit its capital accounts.

Delayed Schedule K-1s: The Firm will endeavor to provide a Schedule K-1 of the Fund to each Fund Investor for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, a Fund Investor may have to request an extension of time to file or may have to pay taxes based on an estimated amount.

Specific Risks Associated with ETFs: ETFs represent an interest in a passively managed portfolio of securities and financial instruments selected to replicate a securities or financial instruments index. Unlike open-end mutual funds, the shares of ETFs are not purchased and redeemed by investors directly with the ETF, but instead are purchased and sold through broker-dealers in transactions on an exchange. Because ETF shares are traded on an exchange, they may trade at a discount from or a premium to

the net asset value per share of the underlying portfolio of securities or financial instruments. In addition to bearing the risks related to investments in securities or financial instruments, investors in ETFs intended to replicate an index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. As such, Clients are subject to layering of such fees. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

Stops: The Firm may use stops as part of its trading strategy. Buy-stops are orders for securities that are placed at a predetermined price over the current price of the market. The order becomes a "buy at the market" order if the market is at or above the price of the stop order. Sell-stops are orders for securities that are placed with a predetermined price below the current price of the market. Sell-stop orders become "sell at the market" orders if the market trades at or below the price of the stop order. Though stops are generally a risk-mitigating mechanism, if the Firm were to place an initial stop too close to the entry point of a trade, the stop may minimize the effectiveness of the trade. In addition, the Firm may not execute stops at the same stop loss or stop limit that the Firm initially intended. The placement of contingent orders by the Firm, such as a "stop-loss" or "stop-limit" orders, will not necessarily limit Clients' losses to the intended amounts, since market conditions may make it impossible to execute such orders. Finally, the Firm may elect not to use stops at all.

Investments in Non-U.S. Investments: From time to time, the Firm may invest and trade a portion of Clients' assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the Fund may directly

hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Fund's net asset value or Managed Account values, as applicable, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of Clients' investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of Clients' foreign currency holdings. If Clients enter into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if Clients enter forward contracts for the purpose of increasing return, it may sustain losses.

- Non-U.S. securities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Cyber Security Breaches and Identity Theft: The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance.

- (C) **Security-Specific Risks:** Please see the response to Item 8.(B), above.

Item 9. Disciplinary Information:

Neither the Firm nor any of its supervised persons has been involved in any legal or disciplinary event that is material to a Client's or prospective Client's evaluation of the Firm's advisory business or the integrity of the Firm's management, including, without limitation, the following:

- (A) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Firm or a management person:
 - (i) Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **Not applicable.**
 - (ii) Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **Not applicable.**
 - (iii) Was found to have been involved in a violation of an investment-related statute or regulation. **Not applicable.**
 - (iv) Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **Not applicable.**
- (B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Firm or a management person:
 - (i) Was found to have caused an investment-related business to lose its authorization to do business. **Not applicable.**
 - (ii) Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:
 - a. Denying, suspending, or revoking the authorization of the Firm or a management person to act in an investment-related business. **Not applicable.**

- b. Barring or suspending the Firm's or a management person's association with an investment-related business. **Not applicable.**
 - c. Otherwise significantly limiting the Firm's or a management person's investment-related activities. **Not applicable.**
 - d. Imposing a civil money penalty of more than \$2,500 on the Firm or a management person. **Not applicable.**
- (C) A self-regulatory organization (SRO) proceeding in which the Firm or a management person:
- (i) Was found to have caused an investment-related business to lose its authorization to do business. **Not applicable.**
 - (ii) Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. **Not applicable.**

Item 10. Other Financial Industry Activities and Affiliations:

- (A) Neither the Firm nor any of its management persons has an application pending to register as a broker-dealer or is a representative of a broker-dealer.
- (B) Neither the Firm nor any of its management persons has any existing or pending financial industry affiliations, such as with a broker-dealer, Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), Commodity Trading Advisor (CTA) or other investment adviser.
- (C) Neither the Firm nor any of its management persons has a relationship or arrangement that is material to its advisory business or to its Clients with any related persons listed below, except as disclosed below.
 - 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker-dealers. **Not applicable.**
 - 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or

“hedge fund”, and offshore fund). **Not applicable, except as discussed in Item 4.**

3. Other investment adviser or financial planner. **Not applicable.**
4. Futures commission merchant, commodity pool operator, or commodity trading advisor. **Not applicable.**
5. Banking or thrift institution.

The Firm is wholly owned by Virginia National Bankshares Corporation, a publicly traded bank holding company headquartered in Charlottesville, Virginia.

Mark Meulenberg, in addition to his role as Managing Partner, Chief Investment Officer and Chief Compliance Officer of the Firm, currently serves as Chief Investment Officer of Virginia National Bank, or a subsidiary. Virginia National Bank is wholly owned by Virginia National Bankshares Corporation.

In addition to Glenn Rust’s role as Managing Partner of the Firm, Mr. Rust is also the President and CEO of Virginia National Bank, VNBTrust, N.A, and Virginia National Bankshares Corporation. Mr. Rust does is not engaged in the day-to-day operations of the Firm.

6. Accountant or accounting firm. **Not applicable.**
7. Lawyer or law firm. **Not applicable.**
8. Insurance company or agency. **Not applicable.**
9. Pension consultant. **Not applicable.**
10. Real estate broker or dealer. **Not applicable.**
11. Sponsor or syndicator of limited partnerships. **Not applicable.**

- (D) The Firm does not recommend or select other investment advisers for Clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading, and Privacy Policy:

- (A) **Code of Ethics:** A copy of the code of ethics (the “**Code of Ethics**”) is available upon request to Fund Investors/prospective Fund Investors or Clients/prospective Clients.

The Code of Ethics is based upon the premise that all the Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of the Firm; (3) observe the Firm's personal trading policies so as to avoid “front-running” and other conflicts of interests between the Firm and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Firm's Chief Compliance Officer and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination.

Participation or Interest in Client Transactions: The Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and the Firm requires that all such transactions be carried out in a way that does not conflict with the interests of Client trading objectives. The Firm and its related persons may invest their personal funds in the Fund or a Managed Account. Therefore, in order to address conflicts of interest, the Firm has adopted a set of procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors, partners, members and employees (hereafter in this section, “**Employees**”) for their personal accounts. In order to monitor compliance with its personal trading policy, the Firm has adopted a quarterly securities transaction reporting system for all of its Employees. For purposes of the policy, an Employee's “personal account” generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including the Firm's Client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of the Firm may recommend to Clients the purchase or sale of investment products in which it or a related person may have some financial interest, including, but not limited to, the receipt of compensation by the Firm. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth the Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Employees has to each of its Clients. The Code of Ethics is circulated to all new Employees and to existing Employees at least annually. Each Employee, at least annually, must certify in writing that he or she has received and followed the Code of Ethics and any amendments thereto.

Other Activities of the Firm and its Affiliates: Neither the Firm, nor any affiliate or employee, is required to manage Client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing Client accounts, the Firm, and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

Trade Error Policy: The Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Firm will use reasonable efforts to correct the error. If the error cannot be corrected, the Firm will use reasonable efforts to make an adjustment in a manner it considers reasonable under the circumstances in its sole discretion. The Firm will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.

Privacy Policy: The Firm has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about Clients, as required under federal legislation. A copy of the Firm's privacy notice is attached hereto as **Exhibit A**.

Changes to Privacy Policy:

The Firm may make changes to its privacy policy in the future. The Firm will not make any material change affecting an individual without first sending that individual a revised privacy policy describing the change.

- (B) Please refer to Item 11.(A) above for information regarding whether the Firm or a related person recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or a related person has a material financial interest.
- (C) Please refer to Item 11.(A) above for information regarding whether the Firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the Firm or a related person recommends to Clients.

- (D) Please refer to Item 11.(A) above for information regarding whether the Firm or a related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that the Firm or a related person buys or sells the same securities for the Firm's own (or the related person's own) account.

Item 12. Brokerage Practices:

The Firm intends to use Wells Fargo Prime Services, LLC as the custodian and prime broker with respect to the Fund. The Firm intends to use Charles Schwab & Co., Inc. ("Schwab") as the custodian and broker with respect to Managed Account clients, though such Managed Account clients may select an alternate custodian and broker. The factors that the Firm considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation are described below:

- (A) **Factors Considered in Selecting or Recommending Broker-Dealers:** The Firm may utilize the services of one or more brokers-dealers to execute Clients' brokerage transactions (or other broker-dealer and custodian who will clear the transactions or who are self-clearing). Securities transactions for the Clients are executed through broker-dealers selected by the Firm in its sole discretion and without the consent of Clients. In placing portfolio transactions, the Firm will seek to obtain the best execution for Clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker-dealers; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other broker-dealers satisfying the Firm's other selection criteria. The Fund and any Managed Accounts shall bear brokerage costs as set forth in the respective Offering Documents or relevant investment management agreement.

1. **“Soft Dollar” Policy**: The term “soft dollars” refers to the receipt by an investment manager of products and services provided by broker-dealers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those broker-dealers on behalf of the investment manager’s Clients. Soft dollars accumulated by the broker for the Firm’s use may then be used to pay for various products and services, including research and brokerage services. The availability of soft dollars from certain brokers presents investment managers with significant conflicts of interest, and may give incentives for investment managers to disregard their obligations to Clients (including, without limitation, their best execution obligations) when directing orders.

Section 28(e) of the Exchange Act (**“Section 28(e)”**) provides a “safe harbor” to those investment managers who use soft dollars to obtain investment research and brokerage services. The Firm may use soft dollars generated by a Client’s brokerage transactions to pay for brokerage and research products and services that fall within the safe harbor afforded by Section 28(e).

Products and services provided by broker-dealers with soft dollars generated by the Fund may be utilized by the Firm and its respective affiliates in connection with the services they offer to other Clients. Likewise, products and services provided by broker-dealers with soft dollars generated by other Clients may be utilized by the Firm in performing its services for the Fund. The receipt of information, products or services by the Firm paid for with soft dollars are in addition to, and not in lieu of, the brokerage commissions and other transaction costs charged to Clients or the Management Fee and the Performance Allocation, if applicable, and such fees and allocations will not be reduced as a consequence of the receipt of such products or services purchased with soft dollars.

- (a) When the Firm uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because the Firm does not have to produce or pay for the research, products or services.
- (b) The Firm may have an incentive to select or recommend a broker-dealer based on the Firm’s interest in receiving the research or other products or services, rather than on Clients’ interest in receiving most favorable execution.

- (c) The Firm may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).
- (d) The Firm may use soft dollar benefits to service all Clients or only those Clients that paid for the benefits. The Firm may or may not seek to allocate soft dollar benefits to Clients proportionately to the soft dollar credits the accounts generate.
- (e) Regarding the types of products and services the Firm or any related persons acquired with Client brokerage commissions (or markups or markdowns) within the Firm's last fiscal year were, see 12.(A)(1) above.
- (f) Regarding the procedures the Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits the Firm received, see 12.(A)(1) above.

2. Brokerage for Client Referrals:

- (a) The Firm reserves the right to pay a fee or commission, in its sole discretion, to broker-dealers or other persons who introduce Clients to the Firm, provided that any such fee or commission will be paid solely by the Firm or its affiliates and no portion thereof will be paid by Clients. As a result, the Firm may have an incentive to select or recommend a broker-dealer based on the Firm's interest in receiving Client referrals rather than on Clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit the Firm but will provide an insignificant (if any) benefit to Clients, the Firm will have a conflict of interest with Clients when allocating Client brokerage business to a broker-dealer who has referred Fund Investors or a Client. To prevent Client brokerage commissions from being used to pay referral fees, the Firm will not allocate Client brokerage business to a referring broker-dealer unless the Firm determines in good faith that the commissions payable to such broker-dealer are not materially higher than those available from non-referring broker-dealers offering services of substantially equal value to Clients.

- (b) Regarding the procedures used during the last fiscal year to direct Client transactions to a particular broker-dealer in return to Client referrals, please refer to Item 12.(A)(1) above.

3. Directed Brokerage:

- (a) The Firm intends to recommend Managed Accounts use Schwab to execute brokerage transactions.
- (b) The Firm intends to use Wells Fargo Prime Services, LLC to execute brokerage transactions for the Fund.
- (c) The Firm does not generally permit a Client to direct the Firm to execute transactions through a specified broker-dealer.

(B) The Custodian and Brokers-Dealers We Use in Connection with Managed Accounts:

The Firm does not maintain custody of Managed Account assets (although we may be deemed to have custody of if a Managed Account client gives us authority to withdraw assets from their account, not a full power of attorney (see Item 15 – Custody, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our Managed Account clients use Schwab, a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. The Firm is independently owned and operated and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when the Firm instructs them to do so.

While we recommend that you use Schwab as custodian/broker-dealers, you will decide whether to do so and open your account with Schwab or other broker-dealer by entering into an account agreement directly with them. The Firm does not open the account for you. The Firm does not require its Managed Account clients use a particular broker-dealer or other custodian. Even though your account may be maintained at Schwab, we can still use other broker-dealers to execute trades for your account, as described in the next paragraph.

(C) How We Select Brokers/Custodians

We seek to select a custodian/ broker-dealers who will hold Client assets and execute transactions on terms that are overall most

advantageous when compared with other available providers and their services. We consider a wide range of factors, including these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength, and stability of the provider
- Their prior service to the Firm and our Clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

(D) Your Custody and Brokerage Costs

Schwab generally does not charge Managed Accounts separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some Managed Accounts, Schwab may charge such accounts a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions or asset-based fees, Schwab charges Managed Accounts a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of

this, in order to minimize your trading costs, we generally have Schwab execute most trades for your account.

(E) Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide the Managed Accounts and the Firm with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Managed Accounts, while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

Services That Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

Services That Generally Benefit Only The Firm.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

- (F) **Aggregation of Client Orders:** The Firm may aggregate purchase and sale orders of investments held by the Fund and other Clients with similar orders being made simultaneously for Clients or other accounts or entities if, in the Firm's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to a Client based on an evaluation that a Client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors.

In many instances, the purchase or sale of investments for the Fund and other Clients will be effected simultaneously. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Firm's sole discretion, and the Fund and/or other Clients may be charged or credited, as the case may be, with the average transaction price.

Allocation of Trades: The Firm may at times determine that certain investments will be suitable for acquisition by Clients and by other accounts managed by the Firm, the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such investments on terms and conditions which the Firm deems advisable, the Firm will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which a

position in such investment is consistent with the investment policies and strategies of the various accounts involved.

Rebalancing Cross Trades: A cross trade is a trade in which securities are sold or purchased directly between two of the Firm's Clients, as opposed to the Clients purchasing or selling the securities on the open market. The benefits of a cross trade to the clients are the elimination of brokerage costs. Also, Clients may save on market impact costs or adverse movements in the security due to the trade if it is a large block trade. Custody costs and transfer taxes may also be saved.

Periodically, the Firm may seek to adjust or rebalance investment accounts or portfolios in a manner consistent with investment objectives and strategy by effecting cross trades between or among Client accounts. Rebalancing of a Client account is usually necessary as a result of cash inflows or outflows but can be necessitated by other factors, including, but not limited to, when two Clients use the same trading strategy. In such cases, the Firm may use an omnibus account structure to implement the trading. The executions are allocated to the affected Clients' accounts based on a predetermined fixed ratio in a "pari passu" (i.e., average price) fashion. This predetermined ratio changes in proportion to the cash inflows and outflows from both accounts respectively. When the fixed ratio changes, the Firm rebalances positions in the accounts so that the new position amounts are consistent with the new allocation ratio. In effecting such cross trades, the Firm seeks to reduce the transaction costs to its Clients of such account adjustments.

All such cross trades will be consistent with the investment objectives and policies of each Client account involved in the trades, and will be effected at the closing market price for the security for the day the cross trade is executed. Client accounts involved in such cross trades will not pay any brokerage commissions or mark-ups in connection with the trades, but may pay customary transfer fees (i.e., aggregate ticket charges) that are assessed through any unaffiliated broker-dealers through which the trades are affected.

The Firm does not receive any compensation, other than its advisory fees as a result of engaging in a cross trade.

The Firm does not sell securities to Clients nor does it purchase securities from Clients.

Item 13. Review of Accounts:

- (A) The Chief Investment Officer is generally aware of the holdings in each Client account on a continuous basis. The Chief Investment Officer will review, monitor and trade Client accounts in his/her discretion to ensure conformity with Client objectives and guidelines, including in light of emerging trends and developments as well as market volatility or unusual market activity.
- (B) Please refer to Item 13.(A), above. For any Managed Accounts, the Firm anticipates that reviews may also be triggered by changes in a Client's circumstances that are communicated to the Firm and/or by Client request. Such Clients may be contacted periodically by the Firm to discuss the management and performance of their account.
- (C) The Firm, the General Partner and/or the qualified custodian typically provides periodic reports to Clients and Fund Investors. For example, reports showing performance are sent to Fund Investors monthly by the Firm, General Partner and/or by the qualified custodian. In addition, realized gains/losses, interest and dividends earned are reported to Fund Investors annually. Each Fund Investor will also receive the following: (i) annual financial statements of the Fund, audited by an independent certified public accounting firm; (ii) in the discretion of the Firm or an affiliate of the Firm, a periodic letter and/or report discussing the results of the Fund; (iii) copies of such Fund Investor's Schedule K-1 to the Fund's tax returns; and (iv) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion.

Item 14. Client Referrals and Other Compensation:

- (A) Except for certain services provided to the Firm by Schwab, the Firm does not receive, from any non-Client, any economic benefit associated with advising Clients. See Item 12(A)(1) above.
- (B) The Firm or its affiliates may sell interests of the Fund through broker-dealers, placement agents and other persons (each referred to as a "Marketer" and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the Firm's own expense (except in circumstances involving directed brokerage). In general, subject to the terms and conditions of the referral agreement with a Marketer, the Firm pays the Marketer a portion of the fees that the Firm receives from such referred Fund Investor. The Firm may enter into similar referral arrangements for referrals of Managed Accounts.

Item 15. Custody:

The Firm intends to maintain the funds and securities of the Fund

and Managed Accounts at a qualified custodian. The Fund Investors and Managed Account clients (a) will receive quarterly, or more frequent, statements directly from their respective qualified custodian and (b) should review those statements carefully. The Firm and/or the Fund will send GAAP-compliant audited financial statements to Fund Investors within 120 of the Fund's fiscal year end. The Firm may send reports or statements to Managed Account clients. Fund Investors and Managed Account clients should compare the statements received from the qualified custody to any reports or statements received from the Firm and report any discrepancies to the Firm. The Firm will only accept limited trading authorization from Managed Accounts.

Item 16. Investment Discretion:

The Firm has discretionary investment authority over Client assets that are managed by the Firm. Each Client must execute such documentation required by the custodian to give the Firm such authority to act on behalf of the Client.

Item 17. Voting Client Securities – Proxy Policy:

The Firm is responsible for voting proxies on behalf of the Fund. With respect to Managed Account clients, the Firm will be responsible for voting all proxies with respect to stock held on behalf of the relevant Managed Account and will keep required records regarding such activity. The Firm will not vote proxies for restricted securities on behalf of any relevant Managed Account. The Firm will generally determine how to vote proxies based on the Firm's reasonable judgment of what vote is most likely to produce favorable financial results for its Clients. The Firm will generally cast proxy votes in favor of proposals that maintain or strengthen the shared interests of the issuer's shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. The Firm will generally cast proxy votes against proposals having the opposite effect. However, the Firm will consider both sides of each proxy issue to be voted on. The Firm will not take into account social considerations, absent contrary instructions from Client.

Conflicts of interest may arise between the Firm, a principal of the Firm, associated persons, and the Firm's Clients regarding a proxy issue. If the Firm's Chief Compliance Officer determines that a

material conflict of interest exists, then the Firm will follow the following procedures:

- a. the Firm may disclose the existence and nature of the conflict to a Client owning the securities to which the conflict relates and seek directions on how to vote the proxies;
- b. the Firm may abstain from voting, particularly if there are conflicting client interests; or,
- c. the Firm may follow the recommendations of an independent proxy voting service in voting the proxies.

The Firm will keep certain records required by applicable law in connection with its proxy voting activities for each Managed Account and will provide proxy voting information to such Managed Account upon written or oral request by such Managed Account client. Copies of the Firm's proxy voting policies are available to Clients upon request.

Notwithstanding anything set forth herein, all Clients shall maintain exclusive responsibility for all legal proceedings or other type of events relating to the assets in their respective accounts, including, but not limited to, class action lawsuits.

Item 18. Financial Information:

- (A) The Firm does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance.
- (B) The Firm has discretionary authority over Client funds or securities. The Firm does not believe that there are any financial conditions reasonably likely to impair the Firm's ability to meet contractual commitments to Clients.
- (C) The Firm has not been the subject of a bankruptcy petition during the past ten years.

Item 19. Requirements for State-Registered Advisers: Not Applicable

Exhibit A

PRIVACY NOTICE

We are committed to respect and protect the privacy of the information Client (“you”) have entrusted to us. This notice provides you with information on how Masonry Capital Management, LLC (for purposes of this section, “we”, “us” or “Manager”) collects and uses your personal client information. This notice also details how we maintain the confidentiality and accuracy of certain information. Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all such 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.

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number
- Income
- Date of birth
- Transactional History including Trading History
- Employment Information and Credit History

When you are no longer our client, we continue to share your information, as described in this notice.

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 Masonry Capital Management, LLC chooses to share, and whether you can limit this sharing.

Reasons we can share your personal information	Does Masonry Capital Management, LLC share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates’ everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates’ everyday business purposes— information about your creditworthiness	No	N/A because we do not share
For our affiliates to market to you	No	N/A because we do not share

For non-affiliates to market to you	No	N/A because we do not share
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Who we are	
Who is providing this notice?	<i>Masonry Capital Management, LLC</i>

What we do	
How does Masonry Capital Management, LLC 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 Masonry Capital Management, LLC collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> ■ Open an account by completing an application ■ Deposit money or transfer assets ■ Provide a personal financial statement ■ Provide information from a third party
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 non-affiliates 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>Virginia National Bankshares Corporation</i> ■ <i>Virginia National Bank</i> ■ <i>VNB Wealth Management</i>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> ■ <i>Masonry Capital Management, LLC does not share with non-affiliates so they can market to you.</i>
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you.

If you have any questions regarding our Privacy Notice, please call (434) 817-4237.