

# **Bolthouse Investments, LLC**

## **dba Bolthouse Investment Management Services**

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## **FIRM BROCHURE AND BROCHURE SUPPLEMENT**

**March 2019**

This brochure provides information about the qualifications and business practices of Bolthouse Investment Management Services. If you have any questions about the contents of this brochure, please contact us at (661) 326-6357. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered” does not imply that Bolthouse Investment Management Services or any person associated with Bolthouse Investment Management Services has achieved a certain level of skill or training.

Additional information about Bolthouse Investment Management Services is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2—MATERIAL CHANGES

The purpose of this page is to inform you of material changes since the previous annual update of this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Bolthouse Investments reviews and updates this brochure at least annually to confirm that it remains current. Effective with the March 2019 ADV filing, Jane Couperus succeeds Michelle Campbell as the firm's Chief Compliance Officer.

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## ITEM 4—ADVISORY BUSINESS

### Description of Advisory Firm

Bolthouse Investments, LLC dba Bolthouse Investment Management Services ("Bolthouse Investments," "we," "our," "the firm" or "us") is a privately owned limited liability company headquartered in Bakersfield, California. Bolthouse Investments is registered as an investment advisor with the U.S. Securities and Exchange Commission (the "SEC").

Bolthouse Investments was established in March 2008, in anticipation of registration with the SEC, to carry on the investment advisory business previously conducted by Bolthouse Properties, LLC ("Bolthouse Properties"). Registered with the SEC in March 2012, Bolthouse Investments is wholly owned by Bolthouse Properties, which in turn is primarily owned by members of the Bolthouse family.

### Advisory Services Offered

Bolthouse Investments offers the following services to advisory clients:

#### Investment Management Services

Bolthouse Investments offers advice to clients regarding asset allocation and the selection of investments. Investment management services are provided primarily through two private partnerships (equity and fixed-income) organized by Bolthouse Investments (each a "Fund"). Assets in the Funds are invested either with third-party advisors or in mutual funds selected by us. We provide continuous and regular investment supervisory services on a fully discretionary basis.

The Funds are available only to accredited investors, as the term is defined by rule 501 of Regulation D under the Securities Act of 1933. Additional information on each Fund is provided in its offering documents. This brochure is not an offer to sell, or a solicitation of an offer to purchase, interests in the Funds. Such an offer only occurs when a prospective investor receives the offering documents.

The third-party advisors and mutual funds selected by Bolthouse Investments primarily utilize the following investment types when making investment purchases for the Funds:

- Equity securities, including U.S. securities and foreign securities listed on U.S. exchanges using American depositary receipts or listed on foreign exchanges
- Fixed-income securities, including corporate bonds, commercial paper, and certificates of deposit
- Securities with equity and debt characteristics, including convertible bonds, preferred stocks or other preferred securities
- Municipal securities
- U.S. government securities
- Mutual funds
- Exchange-traded funds (each an "ETF")
- Money-market funds and cash

Depending on the individual investment objectives and needs of individual clients, our investment selections may include the securities held by the Funds and:

Real estate investment trusts (each a “REIT”)  
Promissory notes  
Closed-end funds  
Variable annuities  
Deeds of trust  
Interests in partnerships and other entities investing in real estate, oil and gas interests, and leases  
Master limited partnerships  
Private funds  
Exchange-traded notes  
Unit investment trusts  
Warrants and rights  
Insurance products, including variable life insurance  
Viaticals  
Options contracts on securities and commodities  
Futures contracts  
Managed futures accounts  
Limited liability company interests  
Treasury inflation-protected securities  
Inflation-indexed bonds  
Other investments

Bolthouse Investments may also occasionally utilize additional types of investments if to address the individual needs, goals, and objectives of a client or in response to a client inquiry. Bolthouse Investments may offer investment advice on any investment held by the client. We describe the material investment risks for many of the securities that we utilize in ***Item 8—Methods of Analysis, Investment Strategies, and Risk of Loss—Specific Security Risks.***

We may also offer non-discretionary services depending on client circumstances. We discuss our discretionary authority in ***Item 16—Investment Discretion.*** For more information about the restrictions clients may put on their accounts, see ***Tailored Services and Client-Imposed Restrictions*** in this item.

We describe the fees that we charge for investment management services in ***Item 5—Fees and Compensation.***

### *Consulting Services*

From time to time, Bolthouse Investments may offer financial consulting as requested by the client. We describe the fees charged for consulting services in ***Item 5—Fees and Compensation.***

## **Limitations on Investments**

In the following circumstances, our advice may be limited to certain types of securities:

### *Limitation by Plan Sponsor or Employer*

When we provide services to a retirement plan, such as a 401(k), 403(b), or other employer plan, we are limited to those investment providers and investment options chosen by the plan sponsor. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited

to investing in securities included in the plan's investment options. Therefore, Bolthouse Investments can only select investments for or make recommendations to the client from among the available options. We will not recommend or invest the client's account in other securities, even if we perceive that other options are more attractive.

#### Limitation by Issuer

When we manage assets within an annuity, we are limited to those investment options made available by the annuity provider.

#### Limitation by Custodian

There may be limitations imposed by the custodian holding the account on the securities that Bolthouse Investments may utilize in a client's account based on limitations. Bolthouse Investments encourages clients to establish brokerage accounts with Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), which is a broker-dealer registered with the SEC and a member of the Securities Investor Protection Corporation. Schwab offers a broad range of investment products, but we may occasionally recommend a security for the client that Schwab does not have available. We typically purchase the security from another firm and have it transferred to the client's Schwab account. Schwab may charge the client additional fees. Bolthouse Investments considers these fees when we recommend outside securities.

#### Limitation by Client

Bolthouse Investments may limit advice based on client-imposed restrictions. For more information about the restrictions that clients may put on their accounts, see ***Tailored Services and Client-Imposed Restrictions*** in this item.

### **Non-Managed Assets**

With respect to investment management services, Bolthouse Investments will only be responsible for the supervision and management of securities and other investments that we recommend or select. Bolthouse Investments is not responsible for the supervision or management of non-managed assets. Non-managed assets may include securities held in a client's account that were (1) delivered into the account by the client, (2) purchased by the client, (3) purchased by Bolthouse Investments at the request of the client as an accommodation, or (4) designated by the client to be non-managed securities by written notification.

We do not provide investment advice regarding that portion of the client's managed account designated as non-managed assets, nor do we provide opinions as to the merits of any non-managed asset held in the account. We also do not make any judgments as to the appropriateness of assumed risk or the suitability of any non-managed investment. Bolthouse Investments offers this service at no charge and at our discretion, in consideration of other assets that we manage for the client.

### **Tailored Services and Client-Imposed Restrictions**

Bolthouse Investments applies a customized investment strategy for each client, based on the client's individual circumstances and financial situation.

We make investment decisions for clients based on information that the client supplies about his or her financial situation, goals, and risk tolerance. Our investment selections may not be suitable if the client does not provide us with accurate and complete information. Clients should keep Bolthouse Investments informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account. For example, a client may need to keep a minimum level of cash in the account or may not want Bolthouse Investments to buy or sell specific securities or security types in the account. Bolthouse Investments reserves the right not to accept or to terminate management of a client's account if we feel that client-imposed restrictions would limit or prevent us from achieving or maintaining the client's investment strategy. Clients may not impose restrictions on the investments selected for the Funds.

## **Assets Under Management**

Bolthouse Investments manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of December 31, 2018, we managed approximately \$354,200,000 assets on a discretionary basis and approximately \$6,600,000 assets on a non-discretionary basis. Our total assets under management as of that date were approximately \$360,800,000.

## **ITEM 5—FEES AND COMPENSATION**

### **Fee Schedule**

#### *Investment Management Services*

Bolthouse Investments charges an asset management fee for investment management services. Our fee schedule is as follows and includes the market value of the client's interests (if any) in the Funds:

0.50% per annum if assets total \$5 million or less

0.40% per annum if assets total \$5,000,001 to \$20 million

0.35% per annum if assets total greater than \$20,000,001

Bolthouse Investments does not charge the Funds any management fees. For more information about fees and expenses paid by the Funds to third-party advisors, see ***Other Fees and Expenses*** in this item.

Some accounts may be under different fee schedules honoring prior agreements. Our standard fee schedule may be negotiable based on a number of factors, which include but are not limited to grandfathered accounts, Bolthouse family accounts, and other structures that we may consider in special situations. In most circumstances, the client's quarterly fee calculation will reflect any prorated additions or reductions.

### Consulting Services

At a client's request, Bolthouse Investments may offer consulting services at an hourly rate to be negotiated at the time. The hourly rate will depend on the nature and complexity of the client's circumstances. We will provide an estimate of the total hours required at the start of the relationship. Bolthouse Investments may also provide consulting services at a reduced rate or free of charge for particular clients, such as family members.

### **Billing Method**

#### Investment Management Services

Our advisory fees are accrued monthly and are payable quarterly in arrears. Monthly fee accruals are based on the market value of the assets in client accounts on the last business day of each month during a calendar quarter, adjusted for receivables and payables. Fees are usually subject to adjustment for cash flows. For advisory fee billing purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter begins.

For new client accounts, the first payment is a pro rata calculation that takes into consideration the account market value, adjusted for receivable and payables, on the last day of each month during the calendar quarter during which the account was open. The fee is adjusted to reflect the number of days in the quarter that the account has been open. A day is any calendar day, including weekends and holidays.

Bolthouse Investments sends a quarterly fee statement to each client. The quarterly fee statement shows the amount of the fee and the value of the client's assets upon which we based the fee. Clients decide whether they wish to have the advisory fees withdrawn directly from their custodial accounts or to pay by check. Clients should verify the accuracy of fee calculations.

With client authorization, Bolthouse Investments will instruct the custodian to withdraw our advisory fee from the client's account on a quarterly basis. Typically, the custodian withdraws advisory fees from client accounts during the first or second month following the end of each calendar quarter based on our instruction. All clients will receive account statements from their account custodians no less frequently than quarterly. Account statements will show the deduction of the advisory fee for clients who authorize fees to be withdrawn directly from their accounts. For clients who choose not to have advisory fees withdrawn directly from their custodial accounts, fees are payable upon receipt of the quarterly fee statement.

### Consulting Services

Hourly fees are payable quarterly in arrears based on the hours billed for the quarter.

### **Other Fees and Expenses**

Our fees do not include custodial fees. Clients pay all brokerage commissions, stock-transfer fees, margin charges, foreign-exchange and settlement fees, and other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees that the client pays to Bolthouse Investments. ***Item 12—Brokerage Practices*** provides more information.



All fees paid to Bolthouse Investments for investment advisory services are separate and distinct from the fees and expenses charged by third-party advisors to our clients and the Funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. In some instances, mutual fund shares held in a client's account or in Fund accounts are subject to deferred sales charges, rule 12b-1 fees, early redemption fees, and other mutual fund-related expenses. A mutual fund's prospectus fully describes these fees and expenses.

A client could invest with a third-party advisor or in a mutual fund directly, without using our services. In that case, the client would not receive the services that we provide, which include negotiating fee reductions when possible and determining which third-party advisors or mutual funds we feel are most appropriate to the Funds' objectives or, in the case of a direct investment by a client, the client's financial condition and objectives. Accordingly, clients should review both the fees charged by the third-party advisors and mutual funds and the advisory fees that we charge to understand the total amount of fees that the client will pay and to evaluate the advisory services that we provide.

## **Termination**

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at any time by writing Bolthouse Investments at the address on the cover page of this brochure. Investments in the Funds may be withdrawn on designated withdrawal dates, upon a specified number of days' prior written notice, all as set forth in the applicable Fund offering documents.

Upon notice of termination, Bolthouse Investments will calculate the final fees due for services provided through the date of termination. Any advisory fees that we have earned for the services provided will be due upon termination.

A termination will not affect liabilities or obligations from transactions initiated in a client account prior to termination. In the event that the client terminates the investment advisory agreement, Bolthouse Investments will not liquidate any securities in the account unless instructed by the client to do so. In the event of a client's death or disability, Bolthouse Investments will continue to manage the account until we are notified of the client's death or disability and given alternative instructions by an authorized party.

## **ITEM 6—PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This item is not applicable.

## **ITEM 7—TYPES OF CLIENTS**

Bolthouse Investments provides discretionary and non-discretionary investment advisory services to the Funds and to individuals, high net-worth individuals, trusts and estates, individual participants of retirement plans, pension and profit-sharing plans, charitable organizations, corporations and other businesses, and institutional clients. Generally, Bolthouse Investments requires clients to maintain a minimum account size of \$500,000. Bolthouse Investments may reduce or waive the account minimum requirements at our discretion.

## ITEM 8—METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

#### General Investment Strategies

Bolthouse Investments generally uses diversification in an effort to minimize risk and to optimize the potential return of a portfolio. More specifically, we utilize the Funds to diversify our clients' portfolios across multiple asset classes, investment styles, market capitalizations, sectors, and regions. We primarily select active third-party advisors, and mutual funds that employ active management strategies, in an effort to optimize Fund portfolios. In the future, we may consider including passively managed investments.

Each client's portfolio composition, including allocation between the Funds, is determined in accordance with the client's investment objectives, risk tolerance, and time horizon. Even when managing client investments outside of the Funds, Bolthouse Investments generally selects third-party advisors and mutual funds based on the client's investment objectives and financial situation. At times, Bolthouse Investments may recommend private placements or initial public offerings (each an "IPO") for clients who meet net-worth or other accreditation requirements and have a sufficiently high tolerance for risk.

#### Methods of Analysis for Selecting Investments

Bolthouse Investments generally uses fundamental analysis in the selection of investment classes and allocations, in an effort to capture some of a market's upside while attempting to limit the downside. Additionally, Bolthouse Investments may use specific strategies or resources in the method of analysis and selection of third-party advisors and mutual funds.

Fundamental Analysis. Bolthouse Investments selects third-party advisors and mutual funds by analyzing public and private research sources. We review key characteristics, including historical performance, consistency of returns, risk level, and the size of the mutual fund. Expense ratio and other costs are also significant factors in third-party advisor and mutual fund selection.

Specific Investment Strategies for Managing Portfolios. Our strategy consists of purchasing, holding, and rebalancing a diversified portfolio of investments. Our goal of diversification is to help to minimize risk and to optimize the potential return of a portfolio. Bolthouse Investments typically intends to hold investments long term, except when sales are necessary to rebalance the portfolio or to fund replacement acquisitions. Bolthouse Investments does not attempt to time short-term market swings. Short-term buying and selling of investments is typically limited to those cases in which a purchase has resulted in an unanticipated gain or loss and we believe that a subsequent sale is in the best interest of the client.

We may recommend third-party advisors or mutual funds that use strategies, among others, like concentrated portfolios, cash as a strategic asset, short-term trading, tactical asset allocation, option strategies, market timing, trend methodology, defensive strategies, hedging, leverage, margin, inverse or enhanced market strategies, reverse convertible notes, and short-selling. We do not use these specific investment strategies at the current time, but we may do so in the future.

Clients interested in learning more about any of these strategies should contact us for more information or should refer to the prospectus of a mutual fund or the disclosure brochure of a third-party advisor. We may also consider additional strategies based on specific client requests.

### Third-Party Advisors

Bolthouse Investments utilizes third-party advisors for the Funds (and for some client accounts based on the client's investment objectives and financial situation) based on the third-party advisor's management style. The third-party advisors that we recommend to clients and select for the Funds must maintain proper and current licensing and registrations, as applicable to each third-party advisor.

## **Investing Involves Risk**

Prior to entering into an agreement with Bolthouse Investments, a client should carefully consider:

That investing in securities involves risk of loss that clients should be prepared to bear;

That securities markets experience varying degrees of volatility;

That, over time, the client's assets may fluctuate and at any time be worth more or less than the amount invested; and

That the client should commit only assets that he or she feels are available for investment on a long-term basis.

Investment in private funds, such as the Funds, is speculative and involves a substantial degree of risk. Consequently, investing in private funds may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with these investments. These investments may lose all or a substantial portion of their value, and investors must be prepared to bear the risk of loss of their investments. Investors will have no recourse except with respect to the assets of the funds or Funds in which they have invested. The Fund offering documents outline important information for investors. Investors should review all documents carefully and should consider conducting additional due diligence before investing in any private fund.

## **Specific Security Risks**

### General Risks of Owning Securities

The prices of securities held in the Funds and in client accounts, and the income they generate, may decline in response to events taking place around the world. These include events directly involving the issuers of securities held as underlying assets in the Funds or a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Currency, interest-rate, and commodity price fluctuations may also affect security prices and income.

## Mutual Funds

A mutual fund is an open-end investment company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the mutual fund consists of the combined holdings that it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income these holdings generate. The price that investors pay for mutual fund shares is the fund's per-share net asset value (its "NAV"), plus any shareholder fees that the mutual fund imposes at the time of purchase (such as sales loads). The benefits of investing through mutual funds include:

Mutual funds are professionally managed by investment managers that research, select, and monitor the performance of the securities that the mutual fund purchases.

Mutual funds typically have the benefit of diversification, which is an investing strategy that may be summed up as "not putting all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors may help to lower the risk if a particular company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

Some mutual funds accommodate investors by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

Generally, mutual fund investors may readily redeem their shares at the current NAV, less any fees and charges assessed on redemption. Less frequently, some mutual funds have the option to redeem shares using the underlying stocks in the fund's portfolio, and they may delay redemption for a defined period.

Mutual funds also have features that some investors may view as disadvantages:

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs. These expenses are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution that they receive. This includes instances in which the mutual fund performed poorly after the investor had purchased shares.

Investors typically cannot ascertain the exact makeup of a mutual fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment advisor. Investors can also monitor how a stock's price changes from hour to hour, or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares typically depends on the fund's NAV, which may not be calculated until many hours after the investor places the order. In general, mutual funds calculate their NAV once every business day, typically after the major U.S. exchanges close.

## Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories: money-market funds, bond funds (also called fixed-income funds), and stock funds (also called equity funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Money-Market Funds. Money-market funds have relatively low risks, compared to other mutual funds and most other investments. By law, money-market funds invest only in high quality, short-term investments issued by the U.S. government, U.S. and foreign corporations, and state and local governments and in bank-issued certificates of deposit. Money-market funds try to keep their NAV, which represents the value of one share in the fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money-market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money-market funds have been lower than for either bond or stock funds. As a result, inflation risk (the risk that inflation will outpace and erode investment returns over time) is a potential concern for investors in money-market funds.

Bond Funds. Bond funds generally have higher risks than money-market funds, largely because bond funds typically pursue strategies aimed at producing higher yields. Unlike money-market funds, SEC rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds vary dramatically in their risks and rewards. Some of the risks associated with bond funds include:

Companies or other issuers may fail to pay their debts, including the debt owed to holders of their bonds. This affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

There is a risk that the market value of bonds will go down when interest rates rise. Because of this, investors can lose money in any bond fund, including one that invests only in insured bonds or U.S. Treasury bonds. Mutual funds that invest in longer term bonds tend to have higher interest-rate risk.

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to retire its debt and to issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

Stock Funds. A stock fund's value may rise and fall quickly and dramatically over the short term but may demonstrate more stability over the long term. Overall market risk poses the greatest potential danger for investors in stock funds. Stock prices may fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

Growth funds focus on stocks that generally do not pay a regular dividend but that have the potential for large capital gains. These funds favor companies that are expected to grow earnings, which could result in stock prices that rise faster than the economy. These companies may be

smaller and less seasoned. Smaller and less seasoned companies have a greater risk of price volatility. Growth stocks, sometimes priced on future expectations rather than current results, may decline substantially as a result of unmet expectations or weakened market conditions.

Equity income funds stress current income over growth and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure than larger, well-established blue chip companies do. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile than the securities of larger companies and may experience less liquidity in securities markets.

Index funds aim to achieve the same return as a particular market index, such as the S&P 500, by investing in all or a representative sample of the companies included in an index.

International investments are subject to additional risks, including currency fluctuation, political instability, and potentially illiquid markets. Funds that invest in foreign securities of smaller, less-developed countries involve additional risks. These risks include but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks. Funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risk. For example, products of companies held by technology funds may be subject to severe competition and rapid obsolescence.

REIT Funds. REIT funds include individual REIT shares within their portfolios. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and long-term mortgage loans. Risks of REIT investments include illiquidity and interest-rate risk.

Real Estate Funds. Investments in real estate funds are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk, and diversification risk.

Absolute Return Funds. Absolute return looks at the appreciation or depreciation (expressed as a percentage) that a fund achieves over a given period. Absolute return differs from relative return because it is concerned with the return of a particular asset and does not compare that return to any other measure or benchmark. In general, a mutual fund seeks to produce returns that are better than its peers, its fund category, or the market as a whole. As an investment vehicle, an absolute return fund seeks to make positive returns by employing investment management techniques that differ from traditional funds, such as short-selling, futures, options, derivatives, arbitrage, leverage, and unconventional assets.

Satellite Funds. Satellite investing is a method of portfolio construction designed to minimize costs, tax liability, and volatility while providing an opportunity to outperform the broad stock market. The core of the portfolio consists of passive funds that track major market indexes, such as the S&P 500 index or the Russell 3000 Index. Fund managers supplement this core portfolio with additional actively managed investment positions, known as satellites.

Alternative Investment Funds. Alternative investments fall outside the three traditional asset types (stocks, bonds, and cash) and include hedge funds, managed futures, real estate, commodities, and derivatives contracts. Alternative investment funds generally provide returns with a low correlation to returns of standard asset classes. Consequently, large institutional funds, such as pensions and private endowments, have begun to allocate a small portion of their portfolios to alternative investments. Each fund is subject to specific and often enhanced risks, depending on the nature of the fund.

Managed Futures Funds. A managed futures mutual fund invests in other funds. These underlying funds typically employ various actively managed futures strategies that trade derivative instruments, including options, futures, forwards, and spot contracts. These derivative instruments may be tied to commodities, financial indices and instruments, foreign currencies, or equity indices.

Managed futures strategies involve substantial risks that differ from traditional mutual funds. Each underlying fund is subject to specific risks, depending on the nature of the fund. These risks may include liquidity risk, sector risk, and foreign currency risk, as well as risks associated with fixed-income securities, commodities, and other derivatives. The strategy of investing in underlying funds may affect the timing, amount, and character of distributions to investors and therefore may increase the amount of taxes that investors pay.

Each underlying fund is subject to investment advisory and other expenses, including potential performance fees, which the managed futures fund indirectly pays. The cost of investing in a managed futures fund is higher than the cost of investing directly in the underlying funds and may be higher than other mutual funds that invest directly in stocks and bonds. Investors indirectly bear fees and expenses charged by the underlying funds, in addition to the managed futures fund's direct fees and expenses. Each underlying fund operates independently and pays management and performance-based fees to its manager. Generally, the underlying funds pay management fees that range from 0% to 2% of assets and performance fees that range from 10% to 35% of the fund's returns. There may be periods in which one or more underlying fund managers receive fees even though the fund has a loss for the period.

Tax Consequences of Mutual Funds. When an investor buys and holds an individual stock or bond, the investor pays income tax each year on the dividends or interest that the investor receives. However, the investor will not pay any capital gains tax until he or she actually sells at a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year that the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

## Deeds of Trust

A deed or trust is a document recorded with a county recorder's office creating a secured lien on real property. Some states use a mortgage instrument rather than a deed of trust. Deeds of trust work in the following way. A borrower who owns or wants to own real estate needs a loan. The borrower executes a promissory note in which the borrower promises to repay the lender. The recorded deed of trust creates a security interest attached to the borrower's real property. The lender may transfer the promissory note and deed of trust in whole or in part to an investor. If the borrower does not pay as promised, the lender or investor may look to the real property for repayment or recovery of his or her invested capital. The difference between a first and second deed of trust is the priority of the lien, which is based on the recording date of the deed of trust. The earlier recording date has priority. If an investor holds a second deed of trust and the borrower fails to pay the first deed of trust, the investor would be required to make payments on the first deed of trust or suffer the risk of foreclosure of the first deed of trust and loss of the investor's invested capital. There are risks associated with deeds of trust that investors should understand:

The borrower's ability to repay the loan depends upon the borrower's financial condition, which may change over time. Default by a borrower would interrupt the investor's monthly payments. Under extreme cases, it may be necessary to foreclose or take other actions to protect the investment. It is possible for the total amount recovered upon foreclosure to be less than the amount of the investment, resulting in loss of capital to the investor.

Neither the Federal Deposit Insurance Corporation nor any other government agency insures deed of trust investments. The investments involve risks and are suitable only for persons of adequate means who anticipate no need for immediate liquidity.

An appraiser assesses the value of property. This appraisal reflects his or her opinion of the value at a specific date. There is no assurance that the appraised value will reflect a fair market value, and general and local economic conditions may change over time.

Although the investor makes the investment decision, the success of an investment in deeds of trust often depends in part on the experience and quality of the management of the loan originator and servicer. Investors should not entrust all aspects of the investment decision and subsequent servicing to a third party without fully understanding the delegated responsibilities and rights.

There are general risks associated with real estate investments, including general or local economic conditions, neighborhood values, interest rates, real estate tax rates, the supply of and demand for properties of the type involved, the ability of the borrower to obtain necessary alternative financing, governmental rules, and acts of nature.

The foreclosure process may stall if a borrower files a reorganization or full insolvency bankruptcy. Deed of trust investors may incur significant legal fees and costs in attempting to obtain relief from the automatic freeze on collection proceedings provided by the U.S. Bankruptcy Code. Relief consists of obtaining court approval to release the property from the bankruptcy estate so that the security interest created by the deed of trust can be foreclosed. A bankruptcy court may modify the terms of the promissory note by extending the due date, changing the interest rate and payment structure, or causing the priority of the loan to be subordinated to a court-approved financing plan.



Deeds of trust deeds are not liquid, not transferable, and involve risk, including loss of principal.

### Private Funds

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, the offering and sale of interests in a private fund is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to sophisticated or accredited investors and do not offer or sell interests in the funds to the general public. Private funds are generally smaller than mutual funds. They are often available to only a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategy. Private fund management fees typically include a base management fee along with a performance component. In many cases, the fund's managers become partners with the investors by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum. These documents contain important information for investors. Investors should review these documents carefully and consider conducting additional due diligence before investing in a private fund. The primary risks of private funds include the following:

Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund.

Private funds are subject to various other risks, depending upon the types of securities in which the private fund invests.

### Investing Outside the U.S.

Investing outside the United States may involve additional risks. These risks may include currency controls, fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, regulatory, and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs may contribute to greater risk. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends, may also lead to additional risk.

Investments in developing countries may further heighten these risks. A developing country may be in the earlier stages of its industrialization cycle, with a low per capita gross domestic product and a low ratio of market capitalization to gross domestic product relative to those in the United States or the European Union. Historically, the markets of developing countries have been more volatile than the markets of developed countries.

Developing countries may have less developed legal and accounting systems. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and impose punitive taxes that could adversely affect security prices. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes.

Securities markets in these countries are also relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid than securities issued in countries with more developed economies or markets.

Investment activities outside the United States could lead to additional costs. Brokerage commissions may be higher outside the United States, and the account will bear certain expenses in connection with its currency transactions. Furthermore, increased custodial costs may be associated with maintaining assets in foreign jurisdictions.

### Cash and Cash Equivalents

A client account may hold cash or invest in cash equivalents. Cash equivalents include:

Commercial paper, such as short-term notes with maturities typically up to twelve months in length issued by corporations, governmental bodies, or conduits of banks and corporations (including asset-backed commercial paper);

Short-term bank obligations, such as bank notes, certificates of deposit, or bankers' acceptances (which are time drafts on a commercial bank in which the bank accepts an irrevocable obligation to pay at maturity);

Savings association and savings bank obligations, such as savings bank notes and certificates of deposit issued by savings banks or savings associations;

Securities of the U.S. government or its agencies or instrumentalities that mature, or may be redeemed, in one year or less; and

Corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered low-risk investments, meaning there is little risk of losing the principal investment. Typically, low risk also means low return, and the revenue that an investor earns on this type of investment is usually low relative to other types of investments.

## **ITEM 9—DISCIPLINARY INFORMATION**

This item is not applicable.

## **ITEM 10—OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Bolthouse Investments does not offer any other services or have any affiliates in the financial industry. Anthony L. Leggio, the Manager and the President of Bolthouse Investments, is a director of Tejon Ranch Company, is of counsel to the law firm of Clifford & Brown, and is a director, member of the executive committee, and chairman of the loan committee of Valley Republic Bank. Bolthouse Investments has no business dealings with Tejon Ranch Company.

Bolthouse Investments has no business dealings with Clifford & Brown or Valley Republic Bank, other than the provision or potential provision of investment advisory services and the purchase of legal and banking services in the ordinary course of business. Bolthouse Investments does not conduct shared operations or have shared premises with Tejon Ranch Company, Clifford & Brown, or Valley Republic Bank.

At times, Mr. Leggio or another officer of Bolthouse Investments may refer clients in need of legal services to Clifford & Brown or in need of banking services to Valley Republic Bank. At times, Clifford & Brown or Valley Republic Bank may refer its clients in need of investment advisory services to Bolthouse Investments. Bolthouse Investments does not receive or pay fees for these referrals. While Mr. Leggio may receive an indirect, immaterial benefit from these referrals as a principal of both Bolthouse Investments and Valley Republic Bank, we believe that none of these activities creates a conflict of interest for our clients or presents a time burden on Mr. Leggio's required duties to Bolthouse Investments and its clients.

### **Proprietary Private Funds**

Bolthouse Investments is the investment advisor and general partner of the Funds, which are private investment funds. Interests in the Funds are not publicly offered or traded. The Funds are available only to accredited investors, as the term is defined by rule 501 of Regulation D under the Securities Act of 1933. Additional information on each Fund is provided in its offering documents. This brochure is not an offer to sell, or a solicitation of an offer to purchase, interests in the Funds. Such an offer only occurs when a prospective investor receives the offering documents.

## **ITEM 11—CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **Code of Ethics**

Bolthouse Investments believes that we owe our clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Our personnel are required to conduct themselves with integrity at all times and to follow the principles and policies detailed in our Code of Ethics.

Our Code of Ethics attempts to address specific conflicts of interest that we have identified or that could likely arise. Our personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities (each an "Access Person"), are subject to personal trading policies governed by the Code of Ethics that are described in more detail below. Bolthouse Investments will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

## Personal Trading Practices

Bolthouse Investments and our Access Persons may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. Bolthouse Investments and our Access Persons may purchase or sell securities for themselves that we also recommend for clients. This includes related securities (such as warrants, options, or futures). Personal trading presents a potential conflict of interest, as we may have an incentive to take investment opportunities from clients for our own benefit, to favor personal trades over client transactions when allocating trades, or to use the information about the transactions that we intend to make for clients to our personal benefit by trading ahead of clients. Our policies to address these conflicts include the following:

The client receives the opportunity to act on investment decisions prior to and in preference to accounts of Bolthouse Investments and our Access Persons.

Bolthouse Investments prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.

If Bolthouse Investments or an Access Person wishes to purchase or sell the same security as we recommend or take action to purchase or sell for a client, he or she will not do so until client orders are filled, except when the transaction meets our *de minimis* policy described below. As a result of this policy, it is possible that clients may receive a better or worse price than Bolthouse Investments or an Access Person for the same security on the same day as a client or one or more days before or after the client's transaction.

Subject to the exceptions and the *de minimis* policy described below, Bolthouse Investments generally requires Access Persons to obtain preclearance from the Chief Compliance Officer for any personal transaction (1) in a security currently owned by Bolthouse clients or that the Access Person is aware is being considered for purchase or sale for Bolthouse clients (unless an exemption is otherwise available), (2) that involves a purchase of securities in an IPO, both in new issues and secondary offerings, and (3) that involves a purchase of securities in a Limited Offering.

Buying and selling the same security on the same business day is highly discouraged. In addition, Access Persons are expected to refrain from trading for short-term profits, and a holding period of thirty days is imposed on any security purchased in a transaction exempt from preclearance. An Access Person may request in writing that the Chief Compliance Officer waive the thirty-day holding period. The Chief Compliance Officer generally grants a waiver if a security is being sold at a loss.

Under certain limited circumstances, the Chief Compliance Officer may make exceptions to the policies stated above. We maintain records of these trades, including the reasons for any exceptions.

We require our personnel to report personal securities transactions on a quarterly basis.

Exemptions from Preclearance Requirements. Preclearance is not required for any transaction (1) in any personal account managed by Bolthouse Investments as to which the Access Person does not have direct or indirect influence over or control of transactions conducted in the account, (2) involving a subsequent purchase of securities effected pursuant to an automatic investment plan, (3) in any client account managed by Bolthouse Investments for which the Access Person serves as trustee but is not a beneficial owner, (4) involving a security or other financial instrument that is not a reportable security within the meaning of the Code of Ethics, (5) in an account over which the Access Person has no direct or indirect influence or control, such as an account managed on a fully discretionary basis by a third-party investment manager, (6) that does not involve volition on the part of the Access Person, such as an in-the-money option that is automatically exercised by a broker-dealer, a security that is called away as a result of an exercise of an option, or a security that is sold by a broker-dealer, without consultation with the Access Person, to meet a margin call not met by the Access Person, (7) made by reinvesting cash dividends pursuant to an automatic dividend reinvestment plan, (8) effected upon the exercise of rights issued by an issuer *pro rata* to all holders of a class of its securities, to the extent that the rights were acquired from the issuer, or (9) involving a *bona fide* gift of securities. Donations of securities require preclearance.

De Minimis Policy. An Access Person is not required to preclear transactions that meet the following criteria, although he or she required to report these transactions in his or her quarterly reports:

Transactions in equity securities of an issuer on a particular day are exempt from preclearance if (a) the transaction involves less than \$50,000, and (b) the issuer of the security has a market capitalization of over \$500 million, and (c) the security trades on a United States national securities exchange, including but not limited to the New York Stock Exchange, NYSE MKT LLC, or Nasdaq.

Transactions in shares of an ETF on a particular day are exempt from preclearance if (i) the transaction involves less than \$50,000 and (ii) the ETF has an average daily trading volume of over one million shares.

Transactions in debt securities of an issuer on a particular day are exempt from preclearance if the transaction involves less than \$50,000 in principal amount.

The principle behind these three exemptions is that these transactions generally do not move the markets or significantly affect clients.

## **Participation or Interest in Client Transactions**

The following items represent situations in which a conflict of interest may exist between the client and Bolthouse Investments and our Access Persons.

### Principal Transactions

Bolthouse Investments or an Access Person may occasionally buy securities from client accounts or sell securities to client accounts. One advantage of principal transactions is the ability to narrow spreads on thinly traded positions, potentially receiving more favorable pricing on both sides than the market currently offers. In addition, there exists an opportunity to reduce transaction costs associated with the trade; custodians sometimes provide discounted fees when facilitating principal transactions. Finally, principal transactions may provide greater liquidity for clients than may have existed otherwise.

Potential conflicts that may exist when conducting principal transactions include the incentive to favor proprietary accounts when establishing pricing or to dispose of underperforming assets from proprietary portfolios.

Bolthouse Investments recognizes the potential for significant conflicts of interest when acting as a principal in client transactions. From time to time, Bolthouse Investments may deem it appropriate and in a client's best interest for the firm to purchase a security from or sell a security to a client account. Principal trades are an exception to our normal operating procedures and will only be effected when we believe that the transaction is of conspicuous advantage to the client in the absence of appropriate and comparable alternatives. Specifically, Bolthouse considers a principal transaction only when a client needs to sell an illiquid security and Bolthouse has determined that we are able to provide the client with best execution. In advance of each principal transaction, Bolthouse Investments provides participating clients with important details of the proposed trade and obtains the client's written consent.

### *Cross Transactions*

At times, a client may need to sell a security that we think is a good fit for another client's account. In this case, we may internally cross the security from the account of the selling client to the buying client's account. We will only do this when the proposed transaction is in the best interests of both clients. We do not purchase a security for a client's portfolio just because another client needs to sell, nor do we sell a security from a client's account just because another client needs to buy the security. Usually, cross transactions arise with fixed-income securities because we can obtain a better deal for both clients by crossing the security instead of going into the open market to complete separate transactions.

The price for a cross transaction will be determined by an independent broker-dealer and is usually the mid-point between the best bid and offer prices available for the size of the transaction. We will also take into account any additional fees charged to ensure that the transaction is appropriate for both clients.

Bolthouse Investments does not act as broker-dealer for any cross transactions effected for clients, and we never receive any commissions or other compensation for these trades (other than our normal advisory fees for managing the accounts). Bolthouse Investments will provide details pertaining to all cross trades to participating clients prior to or promptly following each crossed transaction.

## **ITEM 12—BROKERAGE PRACTICES**

### **Factors Considered in Selecting Broker-Dealers and Custodians**

Bolthouse Investments encourages clients to open one or more custodian accounts in their own names at Schwab. A client will enter into a separate agreement with Schwab to custody his or her assets. Bolthouse Investments also requires that clients grant us limited power of attorney to execute client transactions through Schwab. Bolthouse Investments is independently owned and operated. It is unaffiliated with Schwab or any other broker-dealer or account custodian.

Bolthouse Investments considers several factors in recommending a broker-dealer or custodian to a client. Factors that Bolthouse Investments may consider may include availability of funds, ease of use, reputation, service, execution, pricing, and financial strength. Bolthouse Investments may also take into consideration the availability of the products and services received or offered by Schwab, as described below.

### *Research and Other Benefits*

Bolthouse Investments has received from broker-dealers and custodians benefits such as sponsored conferences, related travel expenses, entertainment, and meals.

Bolthouse Investments may receive from particular broker-dealers or custodians, without cost (or at a discount), support services and products that benefit Bolthouse Investments but may not directly benefit our clients' accounts. Schwab makes available products and services that may be used to service all or some substantial number of our accounts, including accounts not maintained with Schwab. Schwab makes these products and services available to us on an unsolicited basis, at no charge to us, so long as Bolthouse Investments maintains a total of at least \$10 million of the Funds' and our clients' assets in accounts at Schwab.

Schwab makes available products and services that assist Bolthouse Investments in managing and administering clients' accounts, including software and other technology that (1) provide access to client account data (such as trade confirmations and account statements), (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts, (3) provide research, pricing, and other market data, (4) facilitate payment of our fees from our clients' accounts, and (5) assist with back-office functions, recordkeeping, and client reporting. Schwab also offers other services intended to help Bolthouse Investments manage and further develop our business enterprise. These services may include 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 make available, arrange with, and pay third-party vendors for the types of services provided to Bolthouse Investments. Schwab may discount or waive fees that it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Bolthouse Investments. Schwab may also provide other benefits, such as educational events or occasional business entertainment of our personnel.

As part of our fiduciary duty to clients, Bolthouse Investments endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Bolthouse Investments or our personnel in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Schwab for custody and brokerage services.

### *Brokerage for Client Referrals*

Bolthouse Investments does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party.

### Directed Brokerage Transactions

Bolthouse Investments generally does not allow clients to direct Bolthouse Investments to use a specific broker-dealer to execute transactions. By encouraging clients to use Schwab, Bolthouse Investments believes we may be able to manage the client's portfolio more effectively, to achieve favorable execution of client transactions, and to lower the costs to the portfolio. Clients who direct Bolthouse Investments to use another broker-dealer may pay higher commission charges. Under these circumstances, Bolthouse Investments may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. When clients direct Bolthouse Investments to use a specific broker-dealer, disparities in transaction charges may exist when compared to the transaction costs charged to other clients.

Since we encourage our clients to maintain their accounts with Schwab, clients should consider and compare the significant differences between having assets custodied at another broker-dealer, bank, or other custodian prior to opening an account with Schwab. Some of these differences include, but are not limited to, total account costs, trading freedom, transaction fees, commission rates, and security and technology services.

Clients with 401(k) retirement plans or annuity accounts are not required to use Schwab and may appoint a custodian of their choosing.

### **Aggregation and Allocation of Transactions**

Transactions by the Funds are made Fund-wide for the benefit of all Fund investors on a pro rata basis. For transactions outside the Funds, Bolthouse Investments enters orders for each client independently and does not aggregate (or combine) client orders. Aggregating trades may benefit clients by permitting the purchase or sale of securities in larger blocks in an attempt to obtain better pricing or lower trading costs. We do not feel that clients are at a disadvantage because we do not aggregate client orders. For clients' investments outside of the Funds, Bolthouse Investments may use mutual funds or separate accounts with third-party advisors. Mutual fund shares are generally priced once daily. As the daily price is the same for each investor, we have no opportunity to obtain better pricing through aggregation, even if we place trades of the same mutual fund for multiple clients within a single order.

## **ITEM 13—REVIEW OF ACCOUNTS**

### **Managed Account Reviews**

Bolthouse Investments seeks to meet client objectives by monitoring and rebalancing clients' investment portfolios on a regular basis. Frequency of review is determined by the individual client and Bolthouse Investments and may be quarterly, semi-annually, annually, or any other chosen interval. Bolthouse Investments may request more immediate reviews if we determine that special circumstances or material factors warrant additional attention. The Vice President of Investments performs all reviews.



## Fund Reviews

We supervise Fund investments on a continuous basis and periodically review all positions in the Funds' accounts.

## Review Triggers

Client inquiries, changes in the general market outlook, changes in the tax laws, new investment information, changes in the financial situation of a client, and changes in the opinions of our investment professionals on specific issues may prompt periodic reviews of some or all client accounts.

We proactively review all client accounts when significant changes in market conditions or changes in the tax law occur. A client should notify us promptly upon any important changes in his or her personal or financial situation or if he or she believes that changes in economic factors may impact his or her financial position.

## Account Reporting

For transactions outside the Funds, each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Bolthouse Investments provides written reports detailing performance in client accounts on a quarterly basis. These quarterly reports consolidate information regarding the client's interests in the Funds as well. Bolthouse Investments may also provide additional reporting as agreed upon by Bolthouse Investments and the client on a case-by-case basis.

## ITEM 14—CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services that it makes available to us and to other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in **Item 12—Brokerage Practices**. We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab's products and services to us.

## ITEM 15—CUSTODY

Bolthouse Investments is deemed to have custody of client funds or securities when clients authorize us to deduct our management fees directly from client accounts. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) actually holds all client funds and securities. Clients receive account statements directly from their qualified custodians at least quarterly. The statements reflect the client's funds and securities held with the qualified custodian, as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements that they receive from the qualified custodian. When clients receive statements from Bolthouse Investments as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover page of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

Bolthouse Investments has custody of the assets of the Funds. As the general partner of and the investment advisor to the Funds, Bolthouse Investments has the ability to request funds from the custodian out of the Funds' accounts. Bolthouse Investments has controls in place, in compliance with federal rules, to protect investors' assets in the Funds. A qualified custodian holds the Funds' assets. In addition, an independent accountant audits the Funds' accounts each year, and we send copies of the audited financial statements to each investor. An independent accountant will also audit the Funds upon liquidation.

Bolthouse Investments may be deemed to have custody of client assets when, at a client's request, Bolthouse Investments has been given physical possession of a client's checkbook but has no signing authority, or when a related party of Bolthouse acts as trustee of the client's account. In these circumstances, Bolthouse Investments will arrange to have an independent public account conduct an independent verification in accordance with rule 206(4)-2 under the Investment Advisers Act of 1940.

## **ITEM 16—INVESTMENT DISCRETION**

As the general partner of and the investment advisor to the Funds, we have full discretion over the management of the Funds. Bolthouse Investments does not contact Fund investors before placing trades for the Funds. Investors agree to this discretionary authority when they sign the limited partnership agreements for the Funds.

For accounts for which Bolthouse Investments does not have discretion, we make investment recommendations to clients. The client then accepts or rejects our recommendations. Non-discretionary accounts require the active participation of the client in investment decisions either for the entire account or for agreed-upon sectors of the account.

## **ITEM 17—VOTING CLIENT SECURITIES**

### **Proxy Voting**

Bolthouse has the authority to vote Fund proxies. Generally, however, Bolthouse delegates this responsibility and authority to the third-party subadvisers that manage the Funds. Other clients generally retain proxy-voting authority or delegate it to a third-party subadviser. Bolthouse does not have the obligation or authority to vote proxies for these other clients.

Absent special circumstances, we vote all proxies for which we have proxy-voting responsibility within the guidelines that we describe in our proxy-voting policies and procedures, as we may amend them from time to time. At any time, clients may contact us to request information about how we voted their proxies for their securities or to get a copy of our proxy-voting policies and procedures. Following is a brief summary of our policies and procedures:

We make every effort to ensure that we vote shares in the best interests of clients, seeking to maximize the value of their investments.

Absent special circumstances, our policy is to exercise our proxy-voting discretion according to written predetermined proxy-voting guidelines. The guidelines are applicable to the voting of domestic and international proxies.

For securities purchased for the Funds by third-party advisors, Bolthouse Investments typically delegates proxy-voting responsibility to the third-party advisor. In these cases, the proxy-voting policies and procedures of the third-party advisor usually govern proxy voting.

Bolthouse Investments may subscribe to the services of unaffiliated third-party proxy vendors that provides written vote recommendations or guidelines, proxy voting, and administrative and recordkeeping assistance.

Clients typically may not direct our vote for a particular proxy when Bolthouse Investments otherwise has proxy-voting responsibility.

In cases where sole proxy-voting authority rests with Bolthouse Investments for plans governed by the Employee Retirement Income Security Act of 1974 (“ERISA”), Bolthouse Investments votes proxies in accordance with our proxy-voting guidelines, unless the plan’s governing documents outline otherwise, subject to the fiduciary responsibility standards of ERISA.

If Bolthouse Investments becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, we will promptly document the conflict and may handle the conflict in a number of ways depending on the type and materiality. The method selected by Bolthouse Investments will depend upon the facts and circumstances of each situation and the requirements of applicable laws. We always seek to handle the matter in the client’s best interests.

Bolthouse Investments may choose not to vote proxies in certain situations or for certain accounts. Examples include (1) if Bolthouse Investments determines that the cost of voting would exceed any anticipated benefit to the client (such as when a English translation of proxy materials would be necessary), (2) when a proxy is received for a client account that has been closed because the investment advisory agreement has terminated, (3) when a proxy is received for a security that the client account no longer holds, because Bolthouse Investments has sold the security, and (4) when the exercise of voting rights could restrict the ability of Bolthouse Investments to freely trade the security as to which the voting is requested.

## **Class Actions**

Bolthouse Investments has hired an independent third party to file claims on behalf of our clients in order to facilitate their participation in class-action lawsuits. For its services, the third party receives 20% of any settlement amounts actually paid to our clients with respect to such claims.

## **ITEM 18—FINANCIAL INFORMATION**

This item is not applicable.

## **BROCHURE SUPPLEMENT**

### **ITEM 2—EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

#### **Anthony L. Leggio**

Born in 1952, Mr. Leggio received his BA from the University of the Pacific and his JD from the University of the Pacific, McGeorge School of Law. For the past twelve years, he has served as the Manager and the President of Bolthouse Properties, LLC. He also serves as the Manager and the President of Bolthouse Investments and the Secretary of The Bolthouse Foundation. Mr. Leggio is an active member of the California State Bar.

#### **Scott Holan, CAIA**

Born in 1960, Mr. Holan received his BA in Economics from the University of Southern Maine. He is a CAIA (Chartered Alternative Investment Analyst) charterholder, and has earned the CMFC (Chartered Mutual Fund Counselor) designation. Mr. Holan joined Bolthouse Investments in 2018, and currently serves as Vice President of Investments. From 2014-2018, Mr. Holan served as Director of Fixed Income for Johnson Bank and Cleary Gull Advisors (a wholly owned subsidiary of Johnson Bank). He was responsible for separately managed fixed income accounts, fixed income manager research and due diligence, and model portfolio construction. Mr. Holan served as Chairperson of the Fixed Income Committee, and was a member of the Investment Committee. He joined Johnson Bank following 14 years at M&I Investment Management Corp. and BMO, which acquired M&I in 2011. Scott was responsible for institutional client account relationships and separately managed fixed income accounts, and also worked with high net worth clients in several different regions. Scott began his career with Strong Funds, where he worked with mutual fund and advisory clients, and also served as a regional consultant, working with Financial Advisors in the Southeastern United States.

The CAIA charterholder designation is sponsored by the CAIA Association. To earn a CAIA charter, candidates must have a bachelor's degree, or equivalent, and have one year of professional experience, or have four years of qualified investment work experience. The CAIA program is organized into two levels, each culminating in a four-hour exam. The two proctored course examinations correspond to two 200-hour self-study levels. Completing the program takes most candidates between one and two years. More information regarding CAIA Association is available at <https://caia.org/>. Individuals who hold the CMFC® designation have completed a course of study encompassing all aspects of mutual funds and their uses as investment vehicles. The program is designed for approximately 120-150 hours of self-study. The program is self-paced and must be completed within one year from enrollment. More information regarding the CMFC designation is available at <https://www.cffp.edu>

## **Jane Couperus, CFA**

Born in 1969, Ms. Couperus received her BBA from Pacific Union College, where she graduated *magna cum laude*, and her MBA from Arizona State University. She is a CFA charterholder. Ms. Couperus joined Bolthouse Investments as Director of Investments and Research in 2012. She was promoted to Vice President of Investments in 2014. In April of 2019, her title changed to Assistant Vice President of Investments and Chief Compliance Officer. From 2005 to 2012, Ms. Couperus served as a managing director of Knightsbridge Asset Management, LLC, where she was responsible for portfolio management and portfolio implementation for the firm's opportunistic value strategy. In addition, Ms. Couperus was responsible institutional and individual client service and marketing. She joined Knightsbridge following eight years at investment firm of L. Roy Papp & Associates, where she was a partner with responsibilities in equity research and portfolio management.

The CFA charterholder designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership in a local CFA member society, and complete the CFA program. The CFA program is organized into three levels, each culminating in a six-hour exam. The three proctored course examinations correspond to three 250-hour self-study levels. Completing the program takes most candidates between two and five years. More information regarding CFA Institute is available at <https://www.cfainstitute.org>.

## **ITEM 3—DISCIPLINARY INFORMATION**

This item is not applicable.

## **ITEM 4—OTHER BUSINESS ACTIVITIES**

Anthony L. Leggio serves as the Manager and the President of Bolthouse Properties and the Secretary of The Bolthouse Foundation. In addition, he is a director of Tejon Ranch Company, is of counsel to the law firm of Clifford & Brown, and is a director, member of the executive committee, and chairman of the loan committee of Valley Republic Bank. Bolthouse Investments has no business dealings with Tejon Ranch Company. Bolthouse Investments has no business dealings with Clifford & Brown or Valley Republic Bank, other than the provision or potential provision of investment advisory services and the purchase of legal and banking services in the ordinary course of business. Bolthouse Investments does not conduct shared operations or have shared premises with Tejon Ranch Company, Clifford & Brown, or Valley Republic Bank. Mr. Leggio is also a member of the board of directors for various other unrelated non-financial companies in the Bakersfield, California area.

At times, Mr. Leggio or another officer of Bolthouse Investments may refer clients in need of legal services to Clifford & Brown or in need of banking services to Valley Republic Bank. At times, Clifford & Brown or Valley Republic Bank may refer its clients in need of investment advisory services to Bolthouse Investments. Bolthouse Investments does not receive or pay fees for these referrals. While Mr. Leggio may receive an indirect, immaterial benefit from these referrals as a principal of both Bolthouse Investments and Valley Republic Bank, we believe that none of these activities creates a conflict of interest for our clients or presents a time burden on Mr. Leggio's required duties to Bolthouse Investments and its clients.

## **ITEM 5—ADDITIONAL COMPENSATION**

This item is not applicable.

## **ITEM 6—SUPERVISION**

Anthony J. Leggio, the Manager and the President of Bolthouse Investments, supervises all personnel of Bolthouse Investments. Jane Couperus, the Chief Compliance Officer of Bolthouse Investments, is responsible for supervising Mr. Leggio with respect to compliance matters. Questions relating to supervision of personnel may be directed to Mr. Leggio or Ms. Couperus at (661) 326-6357.