

Disclosure Brochure for
Tembion Capital Management, LLC
A Registered Investment Adviser

March 29, 2019

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This brochure provides information about the qualifications and business practices of Tembion Capital Management, LLC. If you have any questions about this brochure, please contact Mark Jensen at (505) 820-6464. 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. Additional information about Tembion Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Tembion Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Since Tembion Capital Management, LLC's last annual update on March 28, 2018 there are material changes under:

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss to include a description of the Hedged Equity investment strategy and elaborate on the general Risk of Loss and the risks associated with options.

Item 9: Disciplinary Information to describe client claims due to the collapse of the LJM Preservation and Growth fund (LJMAX/LJMIX).

Item 12: Brokerage Practices to disclose a conflict of interest in Wrap Program Accounts with the selection of share purchases that incur a transaction fee.

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Item 4. Advisory Business

Tembion Capital Management, LLC provides financial planning, consulting, and investment management services. Prior to engaging Tembion Capital Management, LLC to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Tembion Capital Management, LLC setting forth the terms and conditions under which Tembion Capital Management, LLC renders its services (an “Agreement”).

Tembion Capital Management, LLC has been in business since March 2012 and is principally owned by Mark Jensen. As of March 13, 2019, Tembion Capital Management, LLC has \$90,123,705 in discretionary assets under management.

This Disclosure Brochure describes the business of Tembion Capital Management, LLC. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Tembion Capital Management, LLC’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Tembion Capital Management, LLC’s behalf and is subject to Tembion Capital Management, LLC’s supervision or control.

Financial Planning and Consulting Services

Tembion Capital Management, LLC may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are tailored based on the individual needs of the client, but may include retirement, education, estate, business, insurance, and tax planning, as well as cash flow and portfolio analysis. As part of its portfolio analysis, the firm reviews current holdings to assess strengths and weaknesses.

In performing its services, Tembion Capital Management, LLC is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Tembion Capital Management, LLC may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Tembion Capital Management, LLC recommends its own services. The client is under no obligation to act upon any of the recommendations made by Tembion Capital Management, LLC under a financial planning or consulting Agreement or to engage the services of any such recommended professional, including Tembion Capital Management, LLC itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Tembion Capital Management, LLC’s recommendations. Clients are advised that it remains their responsibility to promptly notify Tembion Capital Management, LLC if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Tembion Capital Management, LLC’s previous recommendations and/or services.

Investment Management Services

Clients may engage Tembion Capital Management, LLC to manage all or a portion of their assets on a discretionary or non-discretionary basis. Tembion Capital Management, LLC primarily allocates clients’ investment management assets among open-end mutual funds, closed-end mutual funds, exchange-traded funds (“ETFs”), unit investment trusts (“UITs”),

individual debt and equity securities, and/or options in accordance with the investment objectives of the client.

Tembion Capital Management, LLC tailors its advisory services to the individual needs of clients. Tembion Capital Management, LLC consults with clients initially and on an ongoing basis to determine objectives, risk tolerance, time horizon and other factors that may impact the clients' investment needs. Tembion Capital Management, LLC ensures that clients' investments are suitable for their investment needs, goals, objectives, and risk tolerance.

In the context of providing recommendations to retirement clients (owners, participants, beneficiaries or plan fiduciaries of ERISA-covered plans and non-ERISA covered retirement plans) Tembion Capital Management, LLC asserts that it acts in a fiduciary capacity, i.e., its suggestions and proposals are made in the retirement clients' best interests.

Clients may impose reasonable restrictions or mandates on the management of their account if, in Tembion Capital Management, LLC's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. Clients are advised to promptly notify Tembion Capital Management, LLC if there are changes in their financial situation or investment objectives or if they wish to impose, modify, or remove any reasonable restrictions upon Tembion Capital Management, LLC's management services.

Sponsor/Manager of Wrap Program

Tembion Capital Management, LLC is the sponsor and manager of the Tembion Capital Management Wrap Program (the "Program"), a wrap fee program. In the event the client participates in the Program, Tembion Capital Management, LLC provides its investment management services and arranges for brokerage transactions under a single annualized fee. Participants in the Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the Program's terms and conditions (including fees) are contained in the Program's wrap fee brochure. There is no difference between how wrap Program accounts are managed versus how accounts outside the Program are managed.

Item 5. Fees and Compensation

Tembion Capital Management, LLC offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon a percentage of the value of assets under management.

Financial Planning and Consulting Fees

Tembion Capital Management, LLC may charge a fixed fee or hourly fee for financial planning and/or consulting services. These fees are negotiable and may be provided on a fixed-fee basis or on an hourly rate basis, depending upon (i) the scope and complexity of the services and (ii) the seniority of the Supervised Person who performs the services. If the client engages Tembion Capital Management, LLC for additional investment advisory services, Tembion Capital Management, LLC may, at its sole discretion, offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

In addition to the firm's financial planning and consulting fees, clients are responsible for paying gross receipts tax at the applicable rate for the city of Santa Fe, NM.

Prior to engaging Tembion Capital Management, LLC to provide financial planning and/or consulting services, the client is required to enter into an Agreement with Tembion Capital Management, LLC. Payment in full for financial planning and/or consulting services is due upon completion of the agreed upon services.

Investment Management Fee

Tembion Capital Management, LLC provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by the firm. Tembion Capital Management, LLC's annual fee is prorated and charged monthly, in arrears, based upon the average daily market value of the assets being managed by Tembion Capital Management, LLC during the prior month. The annual fee varies between 1.10% and 1.60% depending upon the market value of the assets under management and type of investment management services to be rendered.

If the client engages Tembion Capital Management, LLC for a disproportionate amount of services, Tembion Capital Management, LLC may adjust its fee accordingly. The firm will clearly indicate the fee before the client enters into an Agreement.

Tembion Capital Management, LLC's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Tembion Capital Management, LLC does not, however, receive any portion of these commissions, fees, and costs.

Tembion Capital Management, LLC may, in its sole discretion, negotiate to charge a different base fee depending on a client's unique circumstances (e.g. frequency of trading, value of related accounts, or pro bono activities).

Fees Charged by Financial Institutions

Tembion Capital Management, LLC may only implement its investment management recommendations after the client has arranged for and furnished Tembion Capital Management, LLC with all information and authorization regarding accounts with appropriate financial institutions utilized in connection with provision of the services. Financial institutions include, but are not limited to any broker-dealers recommended by Tembion Capital Management, LLC, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain additional charges and fees imposed by financial institutions (such as custodians and clearing brokers) with or through which clients transact business, and other third parties such as sponsors, managers or other parties in connection with investments held in client accounts (such as mutual funds and exchange-traded funds), which are disclosed in each investment's prospectus (e.g. fund management fees and expenses, front-end loads, and deferred sales charges). Additional account fees that clients may incur include wire transfer fees, security transaction fees, account closure fees, margin interest, and taxes. Such charges and fees are exclusive of and in addition to the Program Fee.

Each client's Tembion Capital Management, LLC Agreement and the client's separate agreement with any Financial Institutions authorize Tembion Capital Management, LLC to

debit the client's account for the amount of Tembion Capital Management, LLC's fee and to directly remit that management fee to Tembion Capital Management, LLC. Any Financial Institutions recommended by Tembion Capital Management, LLC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Tembion Capital Management, LLC. Financial planning clients may elect to have Tembion Capital Management, LLC send an invoice for payment.

Fees for Management During Partial Months of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between Tembion Capital Management, LLC and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Tembion Capital Management, LLC's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time. Clients may withdraw account assets on notice to Tembion Capital Management, LLC, subject to the usual and customary securities settlement procedures and timing. However, Tembion Capital Management, LLC designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Tembion Capital Management, LLC may consult with its clients about the options and ramifications of transferring and/or liquidating securities. However, clients are advised that when securities are transferred and liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (e.g., contingent redemption fees or contingent deferred sales charges), account fees, and/or tax ramifications.

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

Tembion Capital Management, LLC does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Tembion Capital Management, LLC provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and business entities. Tembion Capital Management, LLC does not impose a minimum portfolio size.

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

Methods of Analysis

Tembion Capital Management, LLC's primary methods of analysis are fundamental, technical, and cyclical analysis.

Fundamental analysis involves attempting to measure the intrinsic value of an investment based on financial conditions, capabilities of management, earnings, new products and services, as

well as the company's markets and position among its competition. Opportunities and risk are uncovered by comparing intrinsic value against current market price. While such analysis offers the potential for increased returns and protection of principal, there is also the risk of loss or underperformance should overall market or investment-specific conditions deteriorate, or should expected competitive advantages ultimately prove unfounded or unjustified.

Technical analysis involves attempting to predict future performance by comparing current trends to historical data, with the understanding that historical patterns often repeat themselves. While such analysis offers the potential for increased returns and protection of principal, there is also the risk of loss or underperformance should actual behaviors fail to follow expected historical patterns.

Cyclical analysis involves attempting to estimate future performance based on the present status of the economy relative to a typical business cycle and how specific investments tend to perform relative to each other as a business cycle advances. While such analysis offers the potential for increased returns and protection of principal, there is also the risk of loss or underperformance should actual behaviors fail to follow expected historical patterns.

Investment Strategies

Tembion Capital Management, LLC manages accounts for optimal long-term return while striving to limit losses during periods of severe stock market decline. The firm maintains and adapts a number of portfolio models that provide differing levels of stock market upside participation and downside protection. Four basic strategies are used:

- (1) asset allocation – Asset allocation strategies combine investments with distinctly different characteristics (asset classes) that in the aggregate are expected to optimize long-term return for a given risk tolerance.
- (2) synthetic stock market – Synthetic stock market strategies combine a low volatility core portfolio with a modest investment in equity index call option contracts or equity ETF call option contracts. This combination can produce a portfolio that closely tracks stock market performance during periods of appreciation while limiting losses during periods of decline.
- (3) hedged equity – Hedged equity strategies utilize shares of an ETF stock market index fund, long (purchased) put options, and short (sold) call options on the ETF shares. The strategy allows for participation in the ETF's return over a range but limits maximum returns in exchange for limiting maximum losses.
- (4) dual momentum – Dual momentum strategies contain a concentrated investment in either a U.S. stock fund, international stock fund, or cash alternative. On a quarterly or monthly basis, the trailing total return of U.S. and international stocks is compared to the cash alternative current yield, and the investment with the highest result is the position used for the next period. This strategy has historically delivered market competitive returns, but with a reduction in maximum loss.

With asset allocation and dual momentum, there is a risk of higher loss or underperformance should asset class patterns of return or correlation deviate from historical trends. With hedged equity, there is a risk of underperformance if the net options cost is unattractive or when ETF

appreciation is capped by the call option. With synthetic stock market, there is a risk of higher loss or underperformance if call option prices are prohibitively high or if total return on the low volatility core portfolio is less than anticipated.

Risk of Loss

Tembion Capital Management, LLC's recommended investments, as with all securities, involve a significant risk of loss, including, but not limited to, complete loss of any initially invested capital or principal. Tembion Capital Management, LLC's recommendations are subject to various market, currency, economic, political, and business risks, and these investment decisions are not always profitable. Moreover, there is risk that the initial principal will be lost due to these risks. Clients must be prepared to bear these risks and the possibility of total loss for any recommended investment. Tembion Capital Management, LLC cannot and does not make any assurance that any recommended investment will successfully meet a client's expectations. Before investing, clients should:

- commit assets that can be invested on a long-term basis;
- understand that volatility from investing can occur and recommended investments can fluctuate widely; and
- understand that over time the client's assets may be valued more or less than the amount invested.

Open-End Mutual Funds, Closed-End Mutual Funds, ETFs, and UITs

An investment in an open-end mutual fund, closed-end mutual fund, ETF, or UIT (collectively, "Funds") involves risk, including the loss of a client's principal investment. These instruments are necessarily subject to the risks stemming from the individual issuers of the Fund's underlying securities. Shareholders are liable for taxes on any Fund-level capital gains. At least once per year certain types of Funds are required by law to pass through net capital gains to shareholders, often resulting in a tax impact to investors.

Shares of closed-end funds and ETFs are listed on securities exchanges. ETFs can also be traded at negotiated prices in the secondary market. Generally, closed-end funds and ETFs trade at or near net asset value (NAV), which is generally calculated at least once daily. However, certain inefficiencies may cause the shares to trade at a premium or discount to their NAV. There is no guarantee that an active secondary market for ETF and UIT shares will develop or continue to exist. Generally, an ETF or UIT only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF or UIT, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific future period of time. Investors may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks and like other securities, including stocks, bonds, and Funds, options carry no guarantees. It's possible to lose the entire principal invested in options, and sometimes more. As an options buyer (or holder), clients risk the entire amount of the premium paid. As an options seller (or writer), investors take on a higher level of risk because, for example, with uncovered calls, clients face unlimited potential

loss since there is no cap on how high a stock price can rise. Investors are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Management Through Similarly Managed Accounts

Tembion Capital Management, LLC manages portfolios by allocating portfolio assets among various mutual funds and other securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, Tembion Capital Management, LLC buys, sells, exchanges, and/or transfers shares of Funds and other securities based upon the investment strategy.

Tembion Capital Management, LLC’s management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

Certain investment opportunities that become available to Tembion Capital Management, LLC’s clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Tembion Capital Management, LLC to buy, sell, exchange, or transfer securities consistent with its investment strategy. As further discussed in response to Item 12, Tembion Capital Management, LLC allocates investment opportunities among its clients on a fair and equitable basis.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Tembion Capital Management, LLC in the management of the client’s investment portfolio, the equity value of the client’s account and corresponding fee payable by the client to Tembion Capital Management, LLC will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client’s portfolio may be subject. Borrowings will usually be from securities brokers and dealers in exchange for interest paid by the borrowing client, and will typically be secured by the client’s securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client’s obligations, and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client’s obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client’s borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on a client’s profits and/or losses.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Tembion Capital Management, LLC is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management. While the following events are not among those types the SEC specifically

presumes must be disclosed, Tembion Capital Management, LLC does believe they could be material to some clients' or prospective clients' evaluation of its advisory business.

In 2018, the LJM Preservation and Growth fund (LJMAX/LJMIX) collapsed, losing roughly 80% of its value in two days over February 5th and 6th. The fund had been awarded a 5-star rating by Morningstar and had a demonstrated track record of limiting losses during market declines including the 2007-2008 meltdown. Because of prior performance and the results of Tembion Capital Management, LLC's due diligence, LJMAX/LJMIX grew to become a significant holding in most clients' portfolios from 2016 through its collapse, and a few clients had also invested in LJM Partners' moderately aggressive limited partnership. Following the fund's collapse, LJM closed its doors at the end of March 2018.

Tembion Capital Management, LLC believes that the fault for the failure of LJM lies solely with LJM's management, which took-on risk that was inconsistent with both its prospectus and stated objectives. Tembion Capital Management, LLC engaged a forensics expert who could uncover no red flags that signaled the impending collapse. Numerous LJM investor suits have been consolidated into a class action suit against LJM, and the SEC is conducting an investigation. Nonetheless, several clients have made claims against Tembion Capital Management, LLC and its Managing Member, Mark Jensen, seeking recovery of their investment. In their defense, Tembion Capital Management, LLC and Mark Jensen have retained counsel and presented what they believe to be meritorious defenses to those claims.

With the advice of counsel and in order to avoid the costs and uncertainties associated with protracted litigation, Tembion Capital Management, LLC has entered into reasonable settlements with certain clients. Tembion Capital Management, LLC has also received an adverse award in arbitration in connection with one such claim.

Item 10. Other Financial Industry Activities and Affiliations

Tembion Capital Management, LLC is required to disclose any relationship or arrangement with certain related persons that is material to its advisory business or to its clients. Tembion Capital Management, LLC does not have any required disclosures to this Item.

Item 11. Code of Ethics

Tembion Capital Management, LLC and persons associated with Tembion Capital Management, LLC ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Tembion Capital Management, LLC's policies and procedures.

Tembion Capital Management, LLC has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Tembion Capital Management, LLC or any of its Supervised Persons.

The Code of Ethics also requires that certain of Tembion Capital Management, LLC's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Tembion Capital Management, LLC's Code of Ethics, none of Tembion Capital Management, LLC's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Tembion Capital Management, LLC's clients.

When Tembion Capital Management, LLC is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Tembion Capital Management, LLC is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, and other high-quality short-term debt instruments, including repurchase agreements; (iii) shares issued by investment companies, including without limitation mutual funds and money market funds; or (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Tembion Capital Management, LLC to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Tembion Capital Management, LLC generally recommends that clients utilize the custodial brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for clients' investment management accounts.

Factors which Tembion Capital Management, LLC considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables Tembion Capital Management, LLC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Tembion Capital Management, LLC's clients comply with Tembion Capital Management, LLC's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Tembion Capital Management, LLC determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the deciding factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, technology, and responsiveness. Tembion Capital Management,

LLC seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Tembion Capital Management, LLC periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Tembion Capital Management, LLC in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Tembion Capital Management, LLC will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Tembion Capital Management, LLC (as described below). As a result, the client may pay higher commissions or other transaction costs, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Tembion Capital Management, LLC may decline a client’s request to use a particular Financial Institution if, in Tembion Capital Management, LLC’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Tembion Capital Management, LLC decides to purchase or sell the same securities for several clients at approximately the same time. Tembion Capital Management, LLC may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Tembion Capital Management, LLC’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Tembion Capital Management, LLC’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Tembion Capital Management, LLC chooses to aggregate client orders for the purchase or sale of securities, including securities in which Tembion Capital Management, LLC’s Supervised Persons may invest, Tembion Capital Management, LLC generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Tembion Capital Management, LLC does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Tembion Capital Management, LLC determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential

execution would result in a de minimis allocation in one or more accounts, Tembion Capital Management, LLC may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Tembion Capital Management, LLC in its investment decision-making process. Such research generally will be used to service all of Tembion Capital Management, LLC's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Tembion Capital Management, LLC does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Tembion Capital Management, LLC may receive from Schwab, without cost to Tembion Capital Management, LLC, computer software and related systems and support, which allow Tembion Capital Management, LLC to better service and/or monitor client accounts maintained at Schwab.

Additionally, Tembion Capital Management, LLC may receive the following benefits from Schwab through its Schwab Institutional division: research; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; no-cost attendance at conferences and other events, and access to an electronic communication network for client order entry and account information. Tembion Capital Management, LLC receives these services without cost because Tembion Capital Management, LLC renders investment management services to clients that maintain assets and execute client brokerage transactions at Schwab. These services may benefit Tembion Capital Management, LLC, but not each of its clients directly. In fulfilling its duties to its clients, Tembion Capital Management, LLC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Tembion Capital Management, LLC's receipt of these economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Tembion Capital Management, LLC's choice of broker-dealer over another broker-dealer that does not furnish similar services to Tembion Capital Management, LLC.

Wrap Program Accounts

While there is generally no difference between how wrap Program accounts are managed versus how accounts outside of the wrap Program are managed, Tembion Capital Management, LLC does face a conflict of interest with regard to its consideration of the purchase of certain mutual funds that are available on a no-transaction fee (NTF) basis and those with a transaction fee or commission payable to the executing broker-dealer. Because Tembion Capital Management, LLC itself incurs the transaction fee, if any, in wrap Program accounts, the firm has an incentive to select NTF fund shares, whether or not those NTF shares are in the client's

best interest. This is at times the case due to the higher ongoing internal costs clients pay on NTF fund shares compared to shares where Tembion Capital Management, LLC pays a transaction fee. While Tembion Capital Management, LLC faces this inevitable conflict of interest, the firm mitigates the effects of this conflict by considering the client's best interest and through disclosure of this conflict.

Item 13. Review of Accounts

For those clients to whom Tembion Capital Management, LLC provides investment management services, Tembion Capital Management, LLC conducts regular account reviews on at least an annual basis. For those clients to whom Tembion Capital Management, LLC provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Tembion Capital Management, LLC's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Tembion Capital Management, LLC and to keep Tembion Capital Management, LLC informed of any changes thereto. Tembion Capital Management, LLC contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Tembion Capital Management, LLC also prepares reports for investment advisory clients that may include relevant account and/or market-related information such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with reports prepared by Tembion Capital Management, LLC; notify Tembion Capital Management, LLC of any discrepancies; and rely only upon the reports provided by the custodian.

Those clients to whom Tembion Capital Management, LLC provides financial planning and/or consulting services will receive reports from Tembion Capital Management, LLC summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Tembion Capital Management, LLC.

Item 14. Client Referrals and Other Compensation

Tembion Capital Management, LLC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. The firm may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, Tembion Capital Management, LLC is required to disclose any direct or indirect compensation that it provides for client referrals. Tembion Capital Management, LLC does not compensate any unaffiliated third party for client referrals.

Item 15. Custody

Tembion Capital Management, LLC's Agreement and/or the separate agreement with any Financial Institution may authorize Tembion Capital Management, LLC through such Financial Institution to debit the client's account for the amount of Tembion Capital Management, LLC's fee and to directly remit that management fee to Tembion Capital Management, LLC in accordance with applicable custody rules.

The Financial Institutions recommended by Tembion Capital Management, LLC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Tembion Capital Management, LLC. In addition, as discussed in Item 13, Tembion Capital Management, LLC may also prepare periodic supplemental reports. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to reports received from Tembion Capital Management, LLC; notify Tembion Capital Management, LLC of any discrepancies; and rely only upon the reports provided by the custodian.

Item 16. Investment Discretion

Tembion Capital Management, LLC is in most cases given the authority to exercise discretion on behalf of clients. Tembion Capital Management, LLC is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Tembion Capital Management, LLC is given this authority through a power-of-attorney included in the Agreement with the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Tembion Capital Management, LLC takes discretion over the following activities: the securities to be purchased or sold, the amount of securities to be purchased or sold, and when transactions are made.

Item 17. Voting Client Securities

Tembion Capital Management, LLC is required to disclose if it accepts authority to vote client securities. Tembion Capital Management, LLC does not vote client securities on behalf of its clients. Clients receive proxies and corporate notices directly from the Financial Institutions.

Item 18. Financial Information

Tembion Capital Management, LLC does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Tembion Capital Management, LLC is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Tembion Capital Management, LLC has no disclosures pursuant to this Item.