

Motif Capital Management, Inc.

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Form ADV Part 2A Brochure

March 26, 2019

This brochure ("Brochure") provides information about the qualifications and business practices of Motif Capital Management, a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Motif Capital Management has registered its business with the United States Securities and Exchange Commission. 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.

If you have any questions about the contents of this Brochure, please contact us at 650-274-0517 or contact@motifcapital.com. Additional information about Motif Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Summary of Material Changes

This Part 2A of our Form ADV (“**Firm Brochure**”) dated March 26, 2019, is our updated disclosure document for prospective and future clients, and has been prepared in accordance with requirements specified by the SEC. In the future, this Item 2 or a separate document will clearly discuss any material changes since the last annual update of this Firm Brochure.

MATERIAL CHANGES SINCE THE LAST UPDATE

This Brochure replaces the March 27, 2018 version of the ADV. Motif Capital had previously made two updates to its ADV in 2017, on August 4 and March 26. No material changes were made to our Firm’s business operational structure since the last filing.

You may also obtain a copy of this disclosure brochure at anytime on the SEC’s Investment Advisor Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for Motif Capital Management or by CRD number 277051.

You may also request to receive a complete copy of our Firm Brochure, by contacting us at 650-274-0517 or contact@motifcapital.com.

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Item 4: Advisory Business

A. Description of our Firm

Motif Capital Management, Inc. is an SEC registered investment advisory firm located in San Mateo, California. Motif Capital Management manages equity portfolios for institutions such as wealth managers, RIAs, endowments, and family offices. The company was launched in June 2015, is privately held and a wholly-owned subsidiary of Motif Investing Inc., a broker-dealer registered with the SEC since June 2011 and member FINRA/SIPC.

Additional information about Motif Capital Management's products, structure and officers are provided on Part 1 of Motif Capital Management's Form ADV which is available online at <http://www.adviserinfo.sec.gov>. We encourage you to visit our website www.motif.com for additional information regarding Motif Capital Management's offerings.

B. Types of Services We Offer

Motif Capital Management provides investment advisory services to institutional and individual clients through single contract or dual contract managed account programs (the "Managed Accounts" or "Managed Account Programs") sponsored by broker-dealers and/or other financial intermediaries (the "Program Sponsors"). Services are provided on a discretionary and non-discretionary basis. Motif Capital Management also acts as an Index Provider to issuers of exchange traded products (ETPs) and structured products.

Model-Based Programs

Motif Capital Management participates in model-based single contract Managed Accounts Programs. In such Programs, Motif Capital Management provides the Program Sponsor, or an overlay manager (model-based Program Sponsor), non-discretionary investment advice through model portfolios. The model-based Program Sponsor is generally responsible for investment decisions and performing many other services and functions typically handled by Motif Capital Management in a traditional discretionary Managed Account Program. Depending on the particular facts and circumstances, Motif Capital Management may or may not have an advisory relationship with model-based program clients. The model-based program also includes delivery and maintenance of baskets of stocks and ETFs to broker-dealers who may use these baskets to assist their self-directed brokerage clients in making trading/investment decisions.

Motif Capital Management is not responsible for overseeing the provision of services by a model-based Program Sponsor and cannot assure the quality of the Program Sponsor's services. The recommendations implicit in the model portfolios provided to the model-based Program Sponsor may reflect recommendations being made by Motif Capital Management contemporaneously to, or investment advisory decisions made contemporaneously for, Motif Capital Management's similarly situated discretionary clients.

The model-based Program Sponsor, in its sole discretion, may or may not choose to act upon any or all of Motif Capital Management's recommendations. Motif Capital Management does not control the Program Sponsor's timing or execution of transactions for the Program Sponsor's client accounts. Further, Motif Capital Management cannot control the market impact of such transactions to the same extent that it would for its own discretionary client accounts.

Managed Account Programs

Motif Capital Management provides investment advisory services through a dual contract program to Managed Accounts. A dual contract program is characterized by separate contracts between the end client, the program sponsor and Motif Capital Management. Motif Capital Management provides its advisory services pursuant to an advisory agreement directly with the client. A client may separately arrange with one or more third parties for custody, financial advice, and certain trading services to be provided on a partially bundled or unbundled basis. Motif Capital Management has discretion on minimum account size that is accepted.

For dual-contract Managed Accounts, Motif Capital Management is appointed to act as an investment adviser through a process administered by the Program Sponsor. Under these arrangements, participating clients, with assistance from the Program Sponsor, may select Motif Capital Management to provide investment advisory services for their account (or a portion thereof). Motif Capital Management relies on the Program Sponsor to determine the suitability of a Motif Capital Management strategy for the Program Sponsor's prospective client. Motif Capital Management reserves the right to decline to manage any Managed Account. Managed Account agreements may be terminated, generally, at the written request of the client, the Program Sponsor or Motif Capital Management. Once appointed to serve as investment adviser to a Managed Account, Motif Capital Management provides investment advisory services based upon information provided to Motif Capital Management solely by the Program Sponsor.

Motif Capital Management may have multiple business relationships with Program Sponsors and their affiliates, including, but not limited to, brokerage and research services and product distribution arrangements. The services provided to Managed Accounts may differ among the various Managed Account Programs. However, Motif Capital Management generally will make its representatives available for communications as reasonably requested by Program Sponsors. As specifically requested by a Program Sponsor from time to time, Motif Capital Management may provide pro-forma reports that analyze a prospective client's current holdings or provide an illustration of the effect of performance of a Motif Capital Management composite over a particular time period in a manner directed by the Program Sponsor. Such reports are not intended to constitute investment advice, research or recommendations.

Models for Investment Companies

Motif Capital Management provides model-based investment sub-advisory services to open-end and closed-end investment companies registered under the Investment Company Act, as amended, CITs, and UCITS Funds. Motif Capital Management also provides portfolio recommendations to sponsors of UITs, which can be sold by the sponsor to broker dealers and other firms.

Motif Capital Management provides investment advisory and sub-advisory services to these Investment Companies, however the Investment Companies are responsible for ensuring the advisory services are made available to their clients in accordance with the terms of the prospectus, trust agreement and/or other governing documentation, as applicable (together "Offering Documents").

Discretionary Managed Account Program

Motif Capital Management provides discretionary portfolio management services to certain clients based on investment guidelines established and agreed upon between the client and Motif Capital Management.

Such guidelines are established based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Motif Capital Management will develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Motif Capital Management manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives within the agreed upon investment guidelines. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. The securities utilized by Motif Capital Management mainly consist of equity securities and exchange traded funds ("ETFs"), but Motif Capital Management may invest in other securities if determined that such investments fit within the client's objectives and are in the best interest of the client.

To ensure that Motif Capital Management's initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances and investment guidelines, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

Index Provider Services

Motif Capital Management acts as an Index Provider to investment companies that are issuers of exchange traded products (ETPs) and investment banks that are issuers of structured products. In such arrangements, Motif Capital Management is responsible for determining the composition of the Index and the relative weighting of the securities within the Index. The issuer of the exchange traded product or the investment bank is responsible for trustee, custodian, trading, and depository services are made available in accordance with the terms of the prospectus and/or other governing documentation, as applicable (together "Offering Documents").

C. Wrap Fee Programs

Motif Capital Management does not participate in any wrap free programs currently.

D. Assets under Management

As of December 31, 2018, assets under management were \$530,126,151. Of that total, \$515,258,084 is managed on a non-discretionary basis, and \$14,868,067 is managed on a discretionary basis.

Item 5: Fees and Compensation

Fee Schedule

Motif Capital Management advisory fees are typically based on a percentage of the market value of the assets under its management. Fees may vary based on factors such as client type, asset class, pre-existing relationship, service levels, portfolio complexity, number of accounts, account size or other special circumstances or requirements and are negotiable in some cases.

When Motif Capital Management calculates fees, valuations of account assets are determined in accordance with Motif Capital Management's valuation procedures, which generally rely on third party pricing services.

Advisory Fees for the Model Based Programs

With respect to the SMAs, Motif Capital Management receives a management fee based on the market value of the total assets invested by the client subject to the Strategy. The rates for such fee will generally range from 25 to 60 basis points depending on certain factors including, but not limited to, the level of assets managed by the Program Sponsor under the strategy. Fees for advisory services for Model Based Programs are negotiated between Motif Capital Management and the Program Sponsor. For model-based programs with broker-dealers, Motif Capital Management will typically charge a research fee that is negotiated between Motif Capital Management and the broker-dealer.

Advisory Fees for Managed Account Programs

For Managed Accounts through dual contracts, Motif Capital Management and Program Sponsors each charge their fees separately. Motif Capital Management negotiates the fees charged to dual contract accounts with the Program Sponsor and is charged on a monthly or quarterly basis. The rates for such fee will generally range from 50 to 80 basis points depending on certain factors including, but not limited to, the level of assets managed by the Program Sponsor under the strategy. The client may pay a fee to the Program Sponsor for trade execution through the Program Sponsor, custody and consulting services, and a separate fee to Motif Capital Management for the management of its account.

Advisory Fees for the Investment Companies

Fees for advisory services for Investment Companies are separately negotiated between Motif Capital Management and the third-party or affiliated investment adviser and/or Investment Company. Fees may be based on a percentage of assets under management or flat fees. These fees are disclosed in the relevant prospectus or Offering Documents made available by the Investment Companies.

Advisory Fees for Discretionary Managed Account Programs

With respect to the discretionary managed account programs, Motif Capital Management receives a management fee, quarterly in arrears, equal to one-fourth of the annual rates specified in the client's Investment Management Agreement, based on the asset value of managed assets as of the close of business on the last business day of the preceding calendar quarter. Fees generally range from 30 to 60 basis points per annum.

Fees may be deducted directly from the client's account by the custodian, or billed to the client at their request, as soon as practicable following the end of each applicable period. Should the client open or terminate its agreement with Motif Capital Management during a quarter, the Firm's fee will be prorated based on the number of days that the account was open during the quarter. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the client, while any unpaid fees will be due and payable to Motif Capital Management. The number of days the account was managed during the quarter until termination is used to determine the percentage of fees earned (based on the total number of days in the quarter). Additional deposits of cash and/or securities will be subject to the same billing procedures.

All fees are negotiable in the sole discretion of Motif Capital Management. Should a client have more than one account managed by Motif Capital Management, the Firm may aggregate the client's accounts, unless instructed otherwise by the client, for the purpose of computing management fees.

Motif Capital Management may, from time to time, vary or waive fees in its sole discretion. In addition, for family and friends of Motif Capital Management, the Firm may, in its sole discretion, reduce or waive fees in their entirety. Motif Capital Management may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to client. Although Motif Capital Management believes its fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Unless instructed otherwise, each account managed by Motif Capital Management will typically be billed individually for its respective share of fees owed Motif Capital Management. However, Motif Capital Management may bill client accounts disproportionately for fees should such actions be necessary due to insufficient funds in any respective client account, or if doing so is deemed by Motif Capital Management to be in the best interest of client.

Clients should understand that the different fees discussed above are specific to what Motif Capital Management charges and do not include certain charges imposed by third parties such as custodial fees and exchange traded fund ("ETF") fees and expenses. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For investments in ETFs, clients may be charged internal management fees, distribution fee and other expenses, which are described in each funds' prospectus. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the investment management fees charged by Motif Capital Management. Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Clients should understand that lower fees for comparable services may be available from other investment advisory firms.

Payment of Fees

Except for Discretionary Managed Account Programs, Motif Capital Management will bill the Program Sponsor directly for the services provided. The Program Sponsors will be charged on either a monthly or quarterly basis. In the event of termination, the investment management fee will be pro-rated. Broker-dealers that use baskets of stocks and ETFs constructed and maintained by Motif Capital Management pay an annual research fee depending on the number of model baskets used.

Item 6: Performance-Based Fees and Side-By-Side Management

Motif Capital Management does not charge performance-based fees to its clients.

Item 7: Types of Clients

Motif Capital Management generally serves the following types of clients through Program Sponsors or directly through its Discretionary Managed Account Programs:

- High Net worth Individuals
- Banks or Thrift Institutions
- Investment Companies (including Mutual Funds & ETFs)
- Pooled Investment Vehicles (other than US Registered Funds)
- Pension, Retirement, & Profit Sharing Plans (other than plan participants)
- Charitable Organizations
- Corporations or Other Businesses Not Listed
- Other Investment Advisers
- Insurance Companies
- Broker-dealers

While there is flexibility, Motif Capital Management generally requires a minimum of \$1,000,000 for a separately managed account participating in the Firm's Discretionary Managed Account Program, but does reserve the right to waive the minimum or decline a potential client for any reason in its sole discretion. Should the market value of the client's account(s) fall below the stated minimum, Motif Capital Management shall have the right to require that additional monies or securities be deposited to bring the account(s)' value up to the required minimum or consequently, may opt to close the account(s).

Item 8: Method of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Motif Capital Management applies a rigorous, scientific method-based approach to investment management. In particular, Motif Capital Management specializes in process-driven, systematic investment management by employing both quantitative and fundamental analysis and techniques. Motif Capital Management integrates data-driven insights, computing power, statistical analysis, and objective top-down fundamental analysis to create targeted model portfolios that help investors act on economic, social, political, and demographic trends or *themes*.

Such thematic model portfolios rely on insights inferred from historical prices and other financial data in evaluating prospective investments. The models used to derive these insights are complex and rely on statistical analysis of large amounts of historical financial and other data with a view toward identifying macro-themes and their likely impact on economic sectors and industries. In addition to the statistical analysis described above, Motif Capital Management employs objective fundamental analysis and research conducted by analysts and/or models that combine two or more types of analysis in varying degrees. The fundamental analysis and research explores, among other things, issuers, industries, current market and financial conditions and an understanding of the drivers of change within these areas.

A systematic and disciplined approach to thematic model creation underpins many of the investment management processes at Motif Capital Management. The approach begins with the characterization of the theme (i.e., the underlying macro trend) that is likely to drive performance for a group of companies across sectors and industries. The next step involves the identification of all sectors, industries, and publicly listed firms that are likely to be impacted by the theme. Following the selection of companies that are relevant to the theme, Motif Capital Management employs a combination of fundamental and quantitative analysis to determine if a company's valuation is impacted by the theme. This involves—though it is not limited to—reviewing company filings, industry reports and statistical analysis. Next, an objective metric is defined to quantify each company's relevant exposure to the theme. Once the universe of relevant companies and their respective thematic exposures are identified, a thematic model is constructed where each firm is weighted by its valuation relative to the theme. Finally, a proprietary multi-factor risk model can be used to address concentration risk and for volatility reduction in the model portfolio.

The systematic approach outlined above is used to construct and rebalance all of Motif Capital Management's thematic model portfolios. These thematic model portfolios are used as building blocks (used individually or in combination) to deliver unique investment strategies to our clients as described below.

Investment Strategies

Thematic Strategies

The class of strategies described in this section provides targeted exposure to an investment theme. Each strategy is implemented as a model thematic portfolio as described in the previous section, the Program Sponsor or overlay portfolio manager in consultation with Motif Capital Management may do the selection of the targeted theme. The targeted themes in turn can be broken down into three broad categories:

- *Structural Themes:* These are themes created by well-established demographic trends, secular shifts in consumer preferences or innovations. These themes create longer-term investment opportunities since the effects of structural changes may take years to play out.
- *Cyclical Themes:* These are themes associated with shorter-term opportunities created within specific phases of the economic cycle. Motif Capital Management believes that while the economy can go through relatively predictable phases of expansion, inflation, stagnation, and contraction, the cyclical themes are not as predictable since each economic cycle is characterized by its unique structural context. For instance, the growth of the early 2000s was driven by significant credit expansion in the housing sector whereas the recovery since the financial crisis of 2008-09 has been characterized by debt overhang and supported through massive monetary stimulus.
- *Event-driven Themes:* These are investment themes that driven by geopolitical events, government action and regulatory or policy changes. The duration of these themes depends on the impact of the event and also depends on how quickly the markets process the impact. For instance, the implementation of the Affordable HealthCare Act that started in 2012 is likely to be a complex multi-year rollout that is likely to impact businesses like hospitals (positively) and medical device manufacturers (negatively).

Tactical thematic allocation

For certain single-contract or dual-contract managed account programs, the Program Sponsor will delegate both the selection of the investment themes and the allocation of the portfolio to the different themes to Motif Capital Management. The selection of the themes and the allocation is based on a systematic data-driven approach that factors in the contemporaneous macro-environment, the historical context, and market and firm-level financial data. The exposure to each selected theme is implemented as a thematic model as described in the previous section. The initiation of these positions in thematic models, the ongoing monitoring of risk in these thematic investments, as well as the subsequent review and exit decisions are based on objective rules that are defined prior to the implementation of the tactical thematic allocation strategy.

Impact Investing

Impact themes represent investments made into companies with the intention of generating social or environmental impact alongside a financial return. Investors increasingly seek investments to support solutions to the world's most pressing challenges such as, sustainable agriculture, affordable housing, healthcare innovation, renewable energy, and financial inclusion. Motif Capital Management's top-down

approach allows clients to implement targeted model portfolios for a variety of social or environmental impact themes.

Risk of Loss

Motif Capital Management's separately managed equity portfolios consist of exchange-listed stocks and may hold small amounts of cash. As a result, the portfolios can be expected to rise and fall with the stock markets. With all separately managed portfolios, there is a significant risk that accounts will decline in value from time to time and clients should be prepared to accept the risk of potential loss. The following identifies some of the most commonly associated risks with investing in our strategies.

- **Market Risk:** The price of a stock, bond, ETF, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. Price changes may be temporary or may last for extended periods.
- **Equity Risk:** Since the strategies invest in equity securities, they are subject to the risk that stock prices may fall over short or extended periods of time. Equity markets tend to move in cycles, and the value of each strategy's equity securities may fluctuate drastically from day-to-day. The individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.
- **Sector Concentration Risk:** Some of Motif Capital Management's strategies may provide clients with highly targeted exposure. As a result, there is a risk that events negatively affecting an industry or market sector in which the strategy invests will cause the overall value of the strategy to decline. To the extent that some of the strategies invest significant portions of their portfolio in particular markets or sectors (such as Energy, Healthcare, Real Estate, etc.), the strategy is more vulnerable to conditions that negatively affect such sectors as compared to an investment strategy that is not significantly invested in such sectors.
- **Interest Rate Risk:** The risk that fluctuations in interest rates may cause security prices to fluctuate and impact the value of equities, fixed income securities or ETFs held by the strategy. For example, when interest rates rise, yields on existing bonds become less attractive causing their market values to decline.
- **Credit Risk:** The risk that a fixed income security issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline. Credit Risk can also impact the equity price of the issuer in cases where high amounts of leverage is involved.
- **Currency Risk:** Investment in international securities and American Depositary Receipts (ADRs) are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. A client's portfolio may suffer losses due to lack of liquidity under certain market conditions and/or in certain market linked securities.
- **Data & Model Risk:** Motif Capital Management's research and modeling process is complex and is usually implemented through algorithms and computer code. While the firm's employees have strong expertise in their fields and there are processes for the appropriate levels of oversight, the complexity of the individual tasks, reliance on 3rd party vendors for data raises the probability that the model may contain an error. As such, these errors could adversely affect a client's portfolio and likely would not constitute a trade error under Motif Capital Management's policies.

There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary is being made. Prior to entering into an agreement with Motif Capital Management, a client should carefully consider that volatility from investing in the stock market can occur, and that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

Motif Capital Management does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Item 9: Disciplinary Information

Motif Capital Management does not have any legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliations

Motif Capital Management is a wholly owned subsidiary of Motif Investing, Inc. (“Motif Investing”). Motif investing is an introducing broker-dealer registered with the Securities and Exchange Commission and a member of Financial Industry Regulatory Authority (“FINRA”) and SIPC.

For Discretionary Managed Account Program clients, it is generally anticipated that Motif Investing will be designated by the client as the broker-dealer for the execution of securities transactions. Motif Investing, in its capacity as a broker-dealer, may be used to execute portfolio transactions for investment advisory clients of Motif Capital Management. As such, a conflict of interest exists in that Motif Capital Management has an incentive to recommend Motif Investing over other broker-dealers. Motif Capital Management has adopted procedures designed to mitigate such conflicts. For instance, it is the policy and practice of Motif Capital Management to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). In selecting a broker, dealer or other intermediary, Motif Capital Management will consider such factors that in good faith and judgment it deems reasonable under the circumstances. Further, clients will not incur any additional fees as a result of utilizing Motif Investing (however, additional transaction and custodial fees will be incurred from unaffiliated third parties as described in Item 5 (Fees and Compensation). See Brokerage Practices (Item 12) for more information.

Futures / Commodities Affiliations

Neither Motif Capital Management nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

Investment Adviser Affiliations

Motif Capital Management, Inc. is a registered investment adviser itself and does not have any third-party investment adviser affiliations.

Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading

Motif Capital Management has adopted a Code of Ethics (the “Code”), which sets forth high ethical standards of business conduct for our employees and governs a number of potential conflicts of interest that we may encounter when providing investment advisory services. The Code is based on the principle that Motif Capital Management owes a fiduciary duty to the investors for which we serve as an adviser. In adherence with the Code, Motif Capital Management and its employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of our clients. The Code seeks to place the interests of Motif Capital Management’s clients over the interests of the firm and any of its employees, and to comply with the applicable Federal securities laws and other applicable law.

Each new Motif Capital Management employee receives a copy of the Code when hired. Each employee is required to sign the Code acknowledging that they have read, understand, and will abide by the Code and its requirements. All employees receive training as necessary but no less than at least annually and are monitored for compliance with the Code. The Chief Compliance Officer of Motif Capital Management sends copies of any amendments to the Code to all employees, partners and directors of the firm, who must acknowledge in writing having received the Code and the amendments. Each Motif Capital Management employee must also attest to the adherence to the Code during preceding periods, which can be annual or quarterly.

Our Ethics Code includes, but is not limited to the following:

- Prohibitions on the acceptance of gifts and entertainment that exceed our policy standards
- Prohibitions on insider trading and communication of material non-public information
- Requirements on the handling of confidential information
- Restrictions on employee trading transactions including pre-clearance requirements and restricted trading lists
- Identification and pre-clearance requirements on accounts where employees have beneficial interest
- Requirements for reporting applicable personal securities transactions
- Record retention requirements

Personal Trading

Motif Capital Management permits defined personal securities account trading activity as defined in the Firm’s Code of Ethics. Restrictive trading parameters make it unlikely Access Persons would be able to materially transact in the same securities which are included and recommended to Program Sponsors and other clients. Access Persons are generally restricted to registered open-end investment companies under the 1940 Act and fixed-income securities. Access persons can transact in exchange-listed stocks only during pre-approved, trading environment. To further prevent the potential for a conflict of interest between trading for clients and personal trading for the firm’s employees or related persons, Motif Capital Management has procedures in place that require pre-clearance of certain trades. The Chief Compliance Officer reviews all trading activity no less than on a quarterly basis.

Motif Capital Management's Code of Ethics requires review of employee statements and transactions no less than on a quarterly basis by the Chief Compliance Officer or designee. The firm also maintains a restricted list of securities that Motif Capital Management employees are restricted from trading for their own or related accounts.

The Chief Compliance Officer may grant an exception to the above trade provisions for certain MCM Access Persons if it is determined based on facts and circumstances that to grant an exception is justified, controls are in place provide supervision and to monitor transaction activity, gain assurance that Associate has no access to portfolio construction, knowledge of intended rebalance activity, or information about model portfolios to be developed, and to verify that such action would not jeopardize the fiduciary duties to the client. As an example, a transaction within a test/demo account, utilized for the purposes of an educational presentation, could occur if the controls described above are met.

Item 12: Brokerage Practices

As more fully described under Motif Capital Management's description of its advisory business, located in Item 4, Managed Account Program clients enter into Managed Account Program agreements with a Program Sponsor for fully bundled arrangements or for partially bundled arrangements.

Because transaction costs for trades executed by the Program Sponsor under both arrangements are included in the client's fee, Motif Capital Management does not negotiate brokerage commissions with Program Sponsors. To the extent that Motif Capital Management effects a transaction with a Program Sponsor or affiliated broker-dealer with which the client has a fully or partially bundled arrangement, the client does not pay commissions on equity transactions with such firm and a portion of the single fee is considered to be in lieu of brokerage commissions.

Brokerage Practices for Discretionary Managed Account Programs

As discussed in Item 10 (Other Financial Industry Activities and Affiliations), Motif Capital Management will arrange for the execution of securities brokerage transactions for clients through Motif Investing, a FINRA-registered broker-dealer, member SIPC. Motif Capital Management has signed a separate agreement with Motif Capital Management for access to and the utilization of trading platforms unique to Motif Investing. While the Firm recommends that clients use Motif Investing as the broker-dealer under this program, clients will decide whether to do so and open an account with Motif Investing by entering into an account agreement directly with Motif Investing. Motif Capital Management will not have discretion to choose the broker-dealer, or enter into an agreement with a broker-dealer, on the client's behalf.

Motif Investing is an affiliate of Motif Capital Management. As such, a conflict of interest exists in that Motif Capital Management has an incentive to recommend Motif Investing over other broker-dealers. Motif Capital Management has adopted procedures designed to mitigate such conflicts. For instance, it is the policy and practice of Motif Capital Management to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In selecting a broker, dealer or other intermediary, Motif Capital Management will consider such factors that in good faith and judgment it deems reasonable under the circumstances. Further, clients in this program will not incur any additional fees as a result of utilizing Motif Investing (however, additional transaction and custodial fees will be incurred from unaffiliated third parties as described in Item 5 - Fees and Compensation - above).

Motif Capital Management requires Discretionary Managed Account Program clients to direct Motif Capital Management to place trades through Motif Investing. Motif Capital Management has evaluated Motif Investing and believes that it will provide our clients with a blend of execution services, commission cost and professionalism that will assist Motif Capital Management to meet our fiduciary obligations to clients. By directing brokerage, Motif Capital Management may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

Motif Capital Management reserves the right to decline acceptance of any client account for which the client directs the use of a broker other than Motif Investing if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Motif

Investing, it should be understood that Motif Capital Management will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Motif Capital Management has a reasonable belief that Motif Investing is able to obtain best execution and competitive prices, Motif Capital Management will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

As a matter of policy and practice, Motif Capital Management does not generally aggregate or block trade for client accounts. Rather, Motif Capital Management implements client transactions separately for each account. As such, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, clients may not receive volume discounts available to advisers who block client trades.

Item 13: Review of Accounts

Motif Capital Management's Chief Compliance Officer, other partners, portfolio managers, and traders all may conduct account reviews. Reviews could include compliance with account guidelines and restrictions as well as performance and tracking versus the benchmark.

Model Based Programs

Motif Capital Management monitors the models on an ongoing basis. Motif Capital Management prepares and delivers monthly and/or quarterly performance reports for each model strategy. Included in the performance reports are specific period returns for each model portfolio compared to its relevant benchmark, segment analysis and attribution, risk metrics and other relevant information.

Certain events such as corporate actions may lead to an update to the model. In such cases, Motif Capital Management communicates the changes in the model to all clients necessary.

Managed Accounts

Motif Capital Management reviews Managed Accounts under dual-contract programs and Discretionary Managed Account Programs at least quarterly, or whenever market conditions dictate. Managed Accounts may be reviewed to take advantage of either tax-loss harvesting opportunities, or to rebalance the account to target a model portfolio to reduce tracking error. Managed Accounts would also be reviewed if client circumstances change (e.g., change in investment goals or time horizon).

For the Managed Accounts in each investment strategy, Motif Capital Management team reviews the previous day's trades on the Program Sponsor's or internal portfolio trading system to determine if the orders were processed correctly.

In addition, Motif Capital Management prepares and delivers monthly and/or quarterly performance reports for each Managed Account. Included in the Performance Reports are specific period returns for each model portfolio compared to its relevant benchmark, segment analysis and attribution, risk metrics and other relevant information.

The review from Motif Capital Management is independent and separate from the Program Sponsor.

Models for Investment Companies

For Investment Companies, Motif Capital Management monitors the models on an ongoing basis. Motif Capital Management prepares and delivers monthly and/or quarterly performance reports for each model strategy. Included in the Performance Reports are specific period returns for each model portfolio compared to its relevant benchmark, segment analysis and attribution, risk metrics and other relevant information.

Certain events such as corporate actions may lead to an update to the model. In such cases, Motif Capital Management communicates the changes in the model to all clients necessary.

Item 14: Client Referrals and Other Compensation

Motif Capital Management does not receive cash or other economic benefit from someone other than the client in connection with its provision of advisory services to the client. In addition, Motif Capital Management does not compensate any person (other than a supervised person and/or employee of the firm) for client referrals. That said, Motif Capital Management may, in the future, enter into such a compensation arrangement for client referrals and will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940 to the extent such Rule applies to the arrangement.

Item 15: Custody

With the exception of Motif Capital Management's Discretionary Managed Account Program, the Firm does not maintain custody of client assets.

Discretionary Managed Account Program

Custody of client assets under this Program will be maintained with Pershing LLC ("Custodian") – an independent qualified custodian. The Firm will not be the custodian and will have no liability with respect to custodial arrangements or the acts, conduct or omissions of or by the Custodian.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that Motif Capital Management directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Motif Capital Management directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we may also send periodic reports directly to clients. Motif Capital Management urges clients to carefully compare the information provided on these reports to ensure that all account transactions, holdings and values are correct and current.

Item 16: Investment Discretion

Model Based Programs

Motif Capital Management provides non-discretionary advice to the Program Sponsors and broker-dealers as part of the Model Based Programs.

Models for Investment Companies

Motif Capital Management provides non-discretionary advice to Investment Companies as part of its Models service.

Managed Accounts

Motif Capital Management is appointed to act as an investment adviser through a process administered by the Program Sponsor. Clients participating in a Managed Account Program, generally with assistance from the Program Sponsor, may select Motif Capital Management to provide investment advisory services for their account (or a portion thereof) in a particular strategy. Motif Capital Management provides investment advisory services based upon the particularized needs of the Managed Account Program client. Motif Capital Management will manage an account on a non-discretionary basis or in a model-based program. Clients are encouraged to consult their own financial advisers and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager in a particular strategy and participating in a Managed Account Program.

In addition to strategy specific objectives and restrictions, Motif Capital Management's discretionary authority over an account is subject to directions, guidelines and limitations imposed by the client or, in the case of a Managed Account Program, the Program Sponsor, and in the course of providing services to any client account. Motif Capital Management relies on information or directions communicated by any Program Sponsor, adviser, broker, consultant, agent, representative or any other party acting with apparent authority on behalf of its client. Motif Capital Management will endeavor to follow reasonable directions, investment guidelines and limitations imposed by the client, Program Sponsor or other parties acting with apparent authority of behalf of the client.

For discretionary accounts, Motif Capital Management seeks to provide individualized investment advice based on client needs. Such discretion allows the firm to place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Motif Capital Management's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give Motif Capital Management discretionary authority when they sign a discretionary agreement with Motif Capital Management and may limit this authority by giving the firm written instructions. Clients may also change/amend such limitations by once again providing the firm with written instructions. Motif Capital Management will not be able to accommodate investment restrictions that are unduly

burdensome or materially incompatible with Motif Capital Management's investment approach, and Motif Capital Management may decline to accept or terminate client accounts with such restrictions.

Discretionary Managed Account Programs

Motif Capital offers investment management services on a discretionary basis, in which case Motif Capital Management places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Motif Capital Management's discretionary authority includes the ability to do the following without contacting the client: determine the security to buy or sell; and/or, determine the amount of the security to buy or sell.

Clients give Motif Capital Management discretionary authority when they sign a discretionary agreement with the Firm and may limit this authority by giving Motif Capital Management written instructions. Clients may also change or amend such limitations by providing Motif Capital Management with written instructions. Motif Capital Management will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with Motif Capital Management's investment approach, and Motif Capital Management may decline to accept or terminate client accounts with such restrictions.

Item 17: Voting Client Securities

Model Based Programs

Proxy voting is not applicable to Motif Capital Management's Model Based Programs where it works with Program Sponsors or broker-dealers.

Models for Investment Companies

Proxy voting is not applicable to Motif Capital Management's Models supplied to Investment Companies.

Managed Accounts

Motif Capital Management does not vote proxies for clients.

Discretionary Managed Account Programs

Management does not vote proxies for clients. The Firm and/or the client will direct the custodian to forward all shareholder related materials directly to the client's address on record. In addition, Motif Capital Management does not advise or act for the client with respect to any legal matters, including bankruptcies and class actions, for the securities held in the client's account.

Item 18: Financial Information

Motif Capital Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Motif Capital Management also does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.