

FDx Advisors, Inc.
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ADV Part 2A, Brochure
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This Brochure provides information about the qualifications and business practices of FDx Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (312) 827-2800 or via our website at www.envestnet.com. 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 FDx Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to FDx Advisors, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. FDX Advisors last filed an update to our Brochure on September 3, 2024.

Envestnet, Inc., the parent company of FDx Advisors was acquired by affiliates of vehicles managed or advised by Bain Capital Private Equity, LP, a private equity firm, and certain minority co-investors on November 25, 2024 (the “Transaction”). FDx Advisors does not anticipate any material changes to its day-to-day advisory business to result from the Transaction, and the same management team and professionals are expected to remain in place.

In the past, FDx Advisors has offered or delivered a brochure, with information about its qualifications and business practices, to clients on at least an annual basis. Pursuant to SEC rules, if there are material changes to the Brochure, FDx Advisors will provide a summary of any material changes to its Brochure within 120 days of the close of its fiscal year. FDx Advisors may also provide information about material changes to clients at other times during the year, if necessary.

We will provide you with a new Brochure, at any time, without charge by emailing the CCO at Brad.Larson@envestnet.com, or by calling 312-601-2778.

FDx Advisors, Inc.’s Chief Compliance Officer, Bradley Larson, remains available to address any questions that a client or prospective client has about this Brochure.

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Item 4 **Advisory Business**

- A. FDx Advisors, Inc. (the “Registrant”) is a corporation formed on April 24, 1987, in the State of California. The Registrant became registered as an Investment Adviser Firm in July 1987. The Registrant is owned by a holding company, M3FN, LLC, which is wholly owned by Folio Dynamics, Inc. Folio Dynamics, Inc. is principally owned by Folio Dynamics Holdings, Inc. Folio Dynamics Holdings, Inc. is principally owned by Envestnet Inc. Bradley Larson is the Registrant’s Chief Compliance Officer.
- B. Registrant provides investment advisory and consulting services via proprietary research, investment platforms and asset management programs to Clients (“Clients”). Registrant serves institutional Clients (banks, trust companies, broker-dealers, other investment advisers, institutional retirement plans, etc.). Registrant’s services are typically provided to institutional Clients for their Customers (“Customers”) as a sub-advisor; or directly to institutional entities.

If engaged to serve as a sub-advisor, the Registrant shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Client. The Registrant shall continue in such capacity until such arrangement is terminated or modified by the Client. In exchange for its sub-advisory services, the Client shall typically pay a portion of the investment advisory fee received from the Customer to the Registrant for the allocated assets. The Registrant’s Chief Compliance Officer, Bradley Larson, remains available to address any questions concerning the Registrant’s sub-advisory arrangements. To the extent that Registrant’s Clients utilize its services to provide investment advisory services for their Customers, the Client is responsible for initial and ongoing suitability determination, Customer communications, designation of custodian/broker-dealer, and corresponding best execution. Registrant **does not** offer financial planning or related consulting services directly to Customers or other individuals.

INSTITUTIONAL INVESTMENT ADVISORY SERVICES

Unified Overlay Management Program

The Registrant offers investment management access and advice, not involving supervisory services, on a non-discretionary basis, through the Unified Overlay Management Program (“UOMP”) to banks, trust companies and others who are trustees, investment management agents or who may otherwise have discretionary authority over certain Customer portfolios, broker-dealers or registered investment advisers; all such parties herein described as the “Client’s Fiduciary Agent”. Under the UOMP, the Registrant contracts for the investment advice of third-party investment managers called “Alpha Providers,” who provide purchase or sale recommendations based on their research.

The Registrant's role in the UOMP is to make available one or more third party investment managers to an Overlay Manager, and to supply the Overlay Manager with investment recommendations received from Alpha Providers. The Overlay Manager invests the assets in a Client's UOMP account based upon the Client information received from the Customer or the Client's Fiduciary Agent.

For selected third party managers that are designated on the Registrant's approved list, the Registrant approves the Alpha Providers for inclusion in the UOMP based upon a comprehensive review and analysis of their investment strategies, performance information, and other inquiries as the Registrant may find necessary. The Registrant then forwards such information received from the Alpha Providers to the Overlay Manager on a regular basis, which allows the Overlay Manager to construct investment portfolios for Customers. In certain cases, the Client's Fiduciary Agent serves as the Overlay Manager, an Alpha Provider, or both.

Initial and ongoing reviews of the Alpha Providers are conducted by the Registrant's Research Committee and include the analysis of investment information. The Registrant requires performance information of Alpha Providers on the Registrant's approved list to be provided in a format which is Global Investment Performance Standards (GIPS) compliant. Exceptions to this compliance requirement apply if the Alpha Provider has demonstrated a strong investment management background. The review can include comparisons to investment advisers with similar investment styles. Research may include an onsite visitation with the Alpha Provider. Alpha Providers that successfully complete this process are placed on the Registrant's approved list and are then available for use in the Customers' investment portfolios by the Overlay Manager. Credentials and select data of Alpha Providers are reviewed each quarter to determine if expectations have been met on a relative basis to remain eligible for inclusion in the UOMP. If general expectations have not been met, a more comprehensive review may be conducted, after which, replacement of the Alpha Provider would occur, if applicable.

In selecting the appropriate investments for a particular Customer's UOMP account, the Client's Fiduciary Agent determines which combination of investment recommendations provided by Alpha Providers through the Registrant are appropriate and suitable for a particular Customer account based upon the Customer's investment objectives, financial situation, risk tolerance, and other investment guidelines. The Overlay Manager has discretion as to the specific timing and manner of execution of investment transactions based upon Customer information it has received from the Client's Fiduciary Agent. The Registrant does not make investment selections, including individual funds and share classes.

Alpha Providers may delay in providing Registrant with information regarding the composition and weights of investment recommendations or any updates to such investment recommendations. As a result, Alpha Providers and/or their affiliates may have already commenced trading for its or their other clients before a Client has received or had the opportunity to evaluate or act on Alpha Providers' recommendations communicated by Registrant. In this circumstance, trades ultimately placed could be more or less favorable

than the prices obtained by the Alpha Providers or their affiliates for their respective client accounts.

The Registrant and Alpha Providers selected by the Registrant's PMC Research team jointly host seminars from time to time to promote the benefits of the UOMP to various financial institutions. Alpha Providers commonly share seminar and nominal entertainment expenses with the Registrant, however, an Alpha Provider's willingness or unwillingness to participate in such seminars or to share in such expenses does not positively or negatively impact the evaluation or assessment of such Alpha Provider by the Research Committee.

Discretionary Investment Services and Solutions

The Registrant offers investment management services and solutions on a discretionary basis (but not involving suitability determinations), as a sub-adviser to the Client's Fiduciary Agent.

Client's Fiduciary Agents serve as the Advisor for their Customers. The Client's Fiduciary Agent retains responsibility for the Customer relationship, determines Customer suitability on an initial and ongoing basis, and develops and maintains the Client Investment Policy ("CIP") that provides the guidelines and policies for the management of Customer accounts. Once the CIP is established for a Customer, some or all of the appropriate investment program management may be delegated in order to achieve desired outcomes for the Customer in a more efficient and effective manner.

In this context, the Registrant offers two levels of discretionary investment management services to meet the varying needs of Client's Fiduciary Agents.

Discretionary Investment Services and Solutions: Investment Policy Oversight

This service is designed for Client's Fiduciary Agents that choose to maintain full control of all portfolio management decisions (asset allocation, manager selection, portfolio construction, manager monitoring, etc.), while delegating portfolio execution and rebalancing services to the Registrant, subject to the Client Investment Policy. After the Client's Fiduciary Agent establishes the CIP with the Customer, and the Registrant receives the CIP, the Registrant monitors the Customer account/portfolio relative to the CIP on an ongoing basis and executes transactions necessary to maintain reasonable alignment between the Customer portfolio and the CIP, including adjustments for contributions to and distributions from the portfolio. Client's Fiduciary Agent and Customer can impose reasonable investment restrictions on the account. This service can be implemented with mutual funds, exchange traded funds, separately managed accounts, and/or third-party Alpha Provider strategies/styles.

The Registrant serves as Overlay Manager with discretion as to the specific timing and manner of execution of investment transactions based on the CIP. The actual share class fund that is purchased and allocated to a Customer account is specific to the Client's agreement with the fund company. The Registrant does not negotiate share class availability on behalf of Clients, nor does the Registrant take responsibility for the management and review of Customer accounts for share class usage or suitability. Customers should consult with their Fiduciary Agent for share-class specific guidance.

MISCELLANEOUS

Separately Managed Account ("SMA") Services. Separate account managers engaged by the Registrant provide services for Customer's accounts when appropriate. If a Client Fiduciary Agent elects to utilize these SMA services, the manager selected will provide discretionary investment management services. This service attempts to harmonize various program accounts or assets for trading and/or tax-efficiency purposes and/or employs strategies such as hedging and leveraging across a portion or all of the program portfolios. SMA services often involve the use of options contracts in order to achieve its stated goals. The Registrant does not oversee or supervise the investment recommendations when a Customer receives SMA services. It is the RIA's or Client Fiduciary's Agent obligation to review the performance to determine whether such SMA services remain suitable for a Customer.

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency. A complete discussion of such risk factors is set forth in each fund's offering documents, which will be provided to each Client for review and consideration. Unlike liquid investments, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the Customer shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that the Registrant references private investment funds owned by the client on any supplemental account report(s) prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Additionally:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value reflected on the report.

ERISA Fiduciary Representation. Financial Advisors have the ability to provide fiduciary and/or non-fiduciary services to retirement plans (i.e., 401k, 403b, etc.). Retirement plans may or may not be subject to the U.S. Department of Labor’s Employee Retirement Income Security Act (“ERISA”). The Registrant acknowledges that with respect to advisory services provided to ERISA accounts, the Registrant is a “fiduciary” within the meaning of ERISA Section 3(21).

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant’s initial and ongoing investment advisory services. **Please Note:** In addition to Registrant’s investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees, and other fund expenses). The actual share class fund that is purchased and allocated to a Customer account is specific to the Client’s agreement with the fund company. The Registrant does not negotiate share class availability on behalf of Clients, nor does the Registrant take responsibility for the management and review of Customer accounts for share class usage or suitability. Customers should consult with their Fiduciary Agent for share-class specific guidance.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the Client’s best interest. As part of its investment advisory services regarding management of strategies, Registrant will review the advisory Client’s portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the investment objectives (provided by the Fiduciary Agent). Registrant does not have a relationship with the end investor and, therefore, does not make portfolio changes based on retail client changes in needs or investment objectives. Based upon these factors, there is a possibility for extended periods of time when Registrant determines that changes to a Client’s portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the Client’s Fiduciary Agent or from the Client’s Fiduciary Agent’s other professionals and is expressly authorized to rely thereon. Moreover, each Client’s Fiduciary Agent is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in the Customers’ financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant’s previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant’s written Brochure as set forth on Part 2 of Form ADV shall be provided to each Client’s Fiduciary Agent’s Firm prior to, or contemporaneously with, the execution of an agreement.

Fee Differentials. Because we shall generally price our advisory services based upon various objective and subjective factors, Clients could pay diverse fees based upon a combination of factors, including but not limited to the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, and negotiations. Therefore, similarly situated Clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All Clients and prospective Clients and Customers should be guided accordingly.

- C. The Registrant shall provide investment advisory services specific to the needs of each Client's Fiduciary Agent. Prior to providing investment advisory services, an investment adviser representative will ascertain each Client's Fiduciary Agent's or RIA's objective(s). Thereafter, the Registrant shall allocate and/or recommend that the Client's Fiduciary Agent or RIA allocate investment assets consistent with the designated investment objective(s). The Client's Fiduciary Agent or RIA may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant may participate in a wrap fee program but does not sponsor wrap fee programs at this time.
- E. As of December 31, 2023, the Registrant had \$2,266,403,429 in Regulatory Assets under Management on a discretionary basis.

Item 5 Fees and Compensation

A. INSTITUTIONAL INVESTMENT ADVISORY SERVICES

Unified Overlay Management Program

The basic fee for a UOMP account is set or negotiated by each Customer with the Client's Fiduciary Agent at a percentage of the fair market value of the assets held in the Customer's account and fees per account. The total Registrant charges Clients between 0 and 100 basis points of total assets per UOMP account, based upon various objective and subjective factors, including, but not limited to: the amount of the assets placed under management, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion above.) Before engaging Registrant to provide UOMP services, Clients are required to enter into an agreement with Registrant setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided ("Agreement"). Registrant charges an administration fee between 0 – 25 basis points of total assets per UOMP account to the Client, in addition to an administration fee between 0 – 5 basis points of total assets per UOMP account to the Alpha Provider, based upon various objective and subjective factors.

The Client's Fiduciary Agent may charge additional fees that are separate and outside of Registrants relationship with the Customer.

The Registrant pays a portion of the total fee to the Alpha Providers whose investment advice is used with respect to a UOMP account. Registrant also charges the Client's Fiduciary Agent and Alpha Provider a set-up fee and/or an annual fixed fee to support and maintain their program, which include investment advisory services as well as operational and technology services and is negotiable.

Discretionary Investment Services and Solutions

The basic fee for Discretionary Investment Services and Solutions is set or negotiated by each Customer with the Client's Fiduciary Agent at a percentage of the fair market value of the assets held in the Customer's account. The Registrant charges Clients between 2 and 100 basis points of total assets per Discretionary Investment Services and Solutions Account, based upon various objective and subjective factors, including, but not limited to: the amount of the assets placed under management, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion above.) Before engaging Registrant to provide Discretionary Investment Services and Solutions, Clients are required to enter into an Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided. Registrant may in addition charge an administration fee between 0 – 5 basis points of total assets per account, based upon various objective and subjective factors.

The Registrant pays a portion of the total fee to Alpha Providers whose investment advice is used with respect to an account.

The Client's Fiduciary Agent will likely charge additional fees above the fair market value of the assets held in the Customer's account.

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

Neither the Registrant nor any supervised person of the Registrant accepts nor charges performance-based fees.

Item 7 Types of Clients

The Registrant's Clients shall include institutional clients (banks, trust companies, broker dealers, other investment advisers, and other institutional entities) only. The Registrant has the option to require the institutional Client to pay an annual minimum fee for investment advisory services. The Client's Fiduciary Agent could require a minimum asset level or

minimum annual fee for investment advisory services. The Registrant, in its sole discretion, has the ability to charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, etc.).

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

- A. The Registrant utilizes the following methods of investment analysis, although this list is not inclusive of every possible method of analysis:
- Qualitative Analysis – Registrant’s research team engages investment managers with questionnaires, conference calls, site visits and utilizes third-party databases to ensure managers (Alpha Providers) continue to meet thresholds established by Registrant. Analysis includes a review of the firm, the people, and the product, and can include criteria such as:
 1. Ownership/structural changes
 2. Operational/trading problems
 3. Legal/Regulatory issues
 4. Key personnel turnover – (i.e., CIO, portfolio manager, etc.)
 5. Investment style drift
 - Quantitative Analysis – Registrant’s research team utilizes third-party analytical tools, in addition to its own proprietary database to assess the manager’s performance and risk. The analytical tools include holdings-based attribution tools, as well as returns-based style analysis tool. The quantitative analysis is meant to measure the manager’s ability to add value, as well as assess risk, and to validate that the manager is adhering to its investment philosophy.

Registrant may engage the services of other third-party due diligence providers to supplement its product list, especially in the more esoteric asset classes (e.g., alternative investments). Additional charges could apply in these circumstances. Registrant will monitor third-party due diligence providers.

Investment Committee: Registrant Investment Committee. The Registrant has representation via the Envestnet “PMC” Investment Committee. The committee is charged with the responsibility for the selection and oversight of the Strategies, SMAs, mutual funds, and Alpha Providers offered on the Platform. Registrant does not assume responsibility for the particular share class used in actual Customer accounts.

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment recommendations are investment managers that invest in different areas of the financial markets. Thus, they each carry their own unique set of risks based upon the area of the market in which they invest – market risk, currency risk, interest risk, default risk, etc.

The Client shall be responsible for delivering to the Customer, as required by Rule 204-3 of the Advisers Act, Respondent's Form ADV Part 2A together with FDxA's Form ADV Part 2A prior to or at the time Customer signs an advisory agreement with Customer when appropriate.

- C. Except as described below, Registrant does not generally recommend a particular type of security. Rather, the Registrant primarily offers recommendations on money managers and mutual funds to institutional Clients who invest primarily in equity and fixed income securities.

The Registrant's Clients may also allocate Customer assets on a discretionary basis, among one or more models, as designated on the Agreement. The models have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such the models, with a nonexclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Clients who allocate Customer assets among the Registrant's affiliated models developed by PMC (see below):

1. Initial Interview – at the opening of the account, the Client, through its designated representatives, shall obtain from the Customer information sufficient to determine the Customer's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the Customer's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly, the Client shall notify the Customer to advise the Client whether the Customer's financial situation or investment objectives have changed, or if the Customer wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Client shall contact the Customer to determine whether the Customer's financial situation or investment objectives have changed, or

- if the Customer wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Client shall be reasonably available to consult with the Customer relative to the status of the account;
 6. Quarterly Report – the Customer shall be provided with a quarterly report for the account for the preceding period;
 7. Ability to Impose Restrictions – the Customer shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Client not to purchase certain mutual funds;
 8. No Pooling – the Customer’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
 9. Separate Account - a separate account is maintained for the Customer with the custodian;
 10. Ownership – each Customer retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise, or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, it is possible that Registrant’s annual investment management fee will be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant’s annual investment management fee, the Customer will also incur charges imposed directly at the mutual and ETF level (e.g., management fees and other fund expenses). **Please Note:** Registrant’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual investor in a taxable account.

Registrant also provides customized portfolios, managed by Envestnet PMC, specific to institutional client parameters, generally as follows:

<u>Allocation Solution Strategies</u>	<u>Equity Exposure Range</u>
Conservative	0%-20%
Income	10%-30%
Income & Growth	20%-40%
Balanced	30%-60%
Growth & Income	50%-70%
Growth	60%-80%
Aggressive Growth	70%-100%

Risks

Liquidity Risk

Investing in certain types of securities that are thinly traded, or investing in bonds, ETFs or mutual funds that invest in thinly traded securities introduces liquidity risk. Liquidity risk is a financial risk that, for a certain period of time, a security or commodity cannot be readily traded in the market or cannot be traded without a significant discount to the market price. All tradable assets assume some level of liquidity risk. Alternative mutual funds and ETFs may use techniques such as shorting of securities, leverage, and derivatives, all of which may have liquidity risks if there are no buyers and sellers available or if a counter party cannot fulfill the order.

Model and Data Risk

When Models and Data utilized by Registrant prove to be incorrect or incomplete, any decisions made in reliance thereon expose clients to potential risks. All models rely on correct market data inputs. If incorrect market data is entered into even a well- founded model, the resulting valuations will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative instruments.

ESG and Sustainable Risks

Incorporating ESG characteristics into the investment process carries the risk that the Sustainable and ESG portfolios may underperform as compared to non-impact or non-ESG focused strategies. The Sustainable and ESG considerations may reduce the investment universe or result in different exposures from funds or strategies that do not use such criteria. There is no guarantee that impact investment strategies will work under all market conditions, and each investor should evaluate their ability to invest long-term. In addition, Registrant utilizes several ESG research and ratings providers for portfolio management and reporting purposes. The scores, ratings, and assessments are subjective by nature, and may or may not be accurate, complete, or reflect the beliefs of some investors. Registrant depends on the information provided by third-party vendors. Any delay in the remittance of ESG information or sudden change in scores may cause the portfolio to hold companies that do not align with the impact methodology. While Registrant attempts to update the portfolios in a timely manner, it cannot guarantee that the strategies will reflect the latest ESG information.

Tax-Managed Investing Risk

Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. The ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation or regulation. The pre-tax performance of a tax-managed accounts may be lower than the performance of similar advisory accounts portfolios that are not tax-managed. Please note, while a retail account subscribes to a tax-managed overlay strategy, the overlay strategy may not be able to succeed in reducing the amount of taxable income and capital gains to which an advisory

account may become subject. The benefit of tax-managed investing to an individual investor is dependent upon the tax liability of an investor, which considers the level of prevailing tax rates. Over time, the ability of an investor in a tax-managed strategy to harvest losses may decrease and gains may build up in a securities portfolio. Tax-managed investing does not equate to comprehensive tax advice, is limited in scope, and not designed to eliminate taxes in an account. Mandates or the use of limits to restrict the amount of gains realized on your total tax bill may severely restrict trading in the account and could result in substantial deviations from the investment allocation. Tax overlay screens and limits should only be imposed after you have consulted with your tax advisor. Registrant does not provide tax planning advice or services.

Tracking Error Risk

Tracking error risk refers to the risk that the performance of a client portfolio may not match or correlate to that of the index it attempts to track, on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the portfolio's investments and the index, changes to the composition of the index, regulatory policies, and high portfolio turnover all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

Cybersecurity Risks

The proliferation of business technologies, while empowering, has also made Registrant and its affiliates susceptible to operational, information security, and related risks. Cyber risks arise from deliberate attacks or incidental events originating from external or internal sources. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating client or firm level assets or sensitive information; corrupting data, equipment, or systems; and causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Beside hackers, customers trying to gain unauthorized access to databases through legitimate service solutions also pose a threat. Unauthorized access to IT systems or databases could result in the theft, publication, deletion or modification of confidential company or client information. Cyber incidents can disrupt business operations, potentially resulting in financial losses, interfering with the ability to calculate asset prices, impeding trading and transactions, damaging equipment and systems, and violating applicable privacy and other laws; resulting in private litigation, regulatory fines, penalties, reputational damage, reimbursement or other compensation and compliance costs. An actual or perceived data security breach of our security may also require notification under applicable data privacy regulations.

Registrant, and its customers through which Registrant's solutions are made available to end users collect, use, transmit and store confidential financial information such as bank account numbers, social security numbers, non-public personally identifiable information, and portfolio holdings. The measures we take to provide security for collection, use,

storage, processing, and transmission of confidential end user information may not be totally effective in protecting against data security breaches by third parties.

We use commercially available security technologies, including hardware and software data encryption techniques and multi-layer security measures, to protect transactions and information. We also encrypt certain data fields that typically include sensitive, confidential information, though other unencrypted data fields may include similar information that could be accessible in the event of a security breach. We use security and business controls to limit access and use of confidential end user information. The technologies and practices of our customers and third-party suppliers may not meet all of the requirements we include in our contracts; we may also not have the ability to effectively monitor the implementation of these security measures. In a number of cases, our customers build and host their own web applications accessing our solutions through our APIs. In such cases, additional risks associated with security and preventive controls reside in the customer's or any third-party supplier's system. Thus, any inadequacies of our customers' and third-party suppliers' security technologies and practices may only become apparent after a security breach has occurred.

Our security procedures and technologies are regularly audited by independent security auditors engaged by us, and many of our prospective and current customers conduct their own audits or review the results of such independent security audits as part of their evaluation of our solutions. We are also periodically audited by regulatory agencies to which our operations or our customers are subject.

We maintain multiple redundancies, back up our databases and safeguard technologies and proprietary information consistent with industry best practices. We also maintain a comprehensive business continuity plan and companywide risk assessment program that is consistent with industry best practices and that complies with applicable regulatory requirements.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C. **Investment Management Industry Affiliations/Relationships**

The Registrant is under common control with the following entities that are engaged in the securities or investment advisory business.

Envestnet Asset Management, Inc. (“EAM”) <i>Firm CRD# 111694</i>	Envestnet Portfolio Solutions, Inc. (“EPS”) <i>Firm CRD# 109662</i>
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Envestnet Retirement Solutions, LLC (“ERS”) <i>Firm CRD# 171570</i>	QRG Capital Management, Inc. <i>CRD# 305277</i>
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Envestnet Securities, Inc. (“ESI”)
*Firm CRD# 325803 *Registered Broker Dealer*

Principal Office Address (except ESI):

150 N. Riverside Dr, #2050
Chicago, IL 60606

Mailing Address (for all):

1000 Chesterbrook Boulevard, Suite 250
Berwyn, PA 19312

All of the above affiliates are wholly owned subsidiaries of Envestnet, Inc., whose principal business address is 1000 Chesterbrook Boulevard, Suite 250, Berwyn, PA, 19312.

FIDx Markets LLC*
Firm CRD# 322769
1000 Chesterbrook Blvd, Suite 135
Berwyn, PA 19312

Ategenos Capital LLC*
Firm CRD# 326708
1000 Chesterbrook Blvd, Suite 102
Berwyn, PA 19312

*Envestnet, Inc. Holds a controlling interest in both FIDx Markets and Ategenos Capital.

Envestnet, Inc., the parent company of the Registrant is owned by affiliates of vehicles managed or advised by Bain Capital Private Equity, LP, a private equity firm and certain minority co-investors. Reverence Capital, BlackRock (BLK.N), Fidelity Investments, Franklin Templeton (BEN.N), and State Street Global Advisors (STT.N) own indirect, minority interests.

Envestnet also serves as the investment adviser to the following proprietary ETFs: ActivePassive™ Core Bond ETF, ActivePassive™ Intermediate Municipal Bond ETF, ActivePassive™ International Equity ETF, and ActivePassive™ U.S. Equity ETF (collectively, the “ActivePassive™ ETFs”).

D. As described above, the Registrant receives compensation from Alpha Providers and individual securities that it makes available on the Platform for RIAs and End Clients.

E. **Potential Conflicts of Interest**

The following are relationships that may introduce conflict:

In order to mitigate the conflict, Registrant does not permit employees to be compensated for the sales of any specific investment product or strategy. Employees are instead compensated with a base salary plus incentives that are based on overall department and Registrant level goals, as well as an individual's contribution in achieving them.

Third-party products are subject to the same standards and research process as any other third-party manager or product provider on the Registrant and Envestnet platforms.

Given the interrelationships among Registrant and its affiliates, there may be other or different potential conflicts of interest that arise in the future that are not included in this section.

Envestnet, Inc. is an investor in four service providers, Fiduciary Exchange, LLC, Advisor Credit Exchange, LLC, Trucent, LLC, and HealthPilot Technologies, LLC (the "Exchanges"). Mr. Thomas Sipp, EVP, Envestnet Business Lines, is an investor in private funds invested in the Exchanges and therefore, Registrant and Mr. Sipp have a financial incentive to promote the use of the Exchanges to Clients using the platform.

Envestnet Inc. has a controlling interest in Ategenos Capital LLC ("Ategenos"). Ategenos offers registered investment advisory services specializing in providing multi-asset class investment solutions and concierge-level advisor service. Ategenos acts as a Model Provider on the Envestnet Platform.

Envestnet, Inc. has a financial interest and occupies board of director positions in Advisor Credit Exchange ("ACE"). ACE provides lending solutions to Advisors and their clients via the Envestnet Platform through EAM's affiliate, Envestnet Financial Technologies. Neither ACE nor Envestnet offers any loan products or makes any lending decisions. The funding and administration of all loans is undertaken by separate and unaffiliated financial institutions.

Envestnet, Inc., has a minority investment (less than 5%) in Dynasty Financial Partners, LLC. Dynasty and Registrant's affiliates jointly offer financial advisors using the Registrant wealth platforms as an enhanced set of tools and services to help build and grow their businesses.

BlackRock, Inc.

Envestnet and its affiliates are engaged with BlackRock in several strategic initiatives to better integrate their respective financial wellness technologies and jointly offer these services to Advisors. Advisors using Envestnet's technology platform are not required to use any BlackRock software, applications, or products, and are not restricted from licensing and integrating other software and applications. Envestnet and BlackRock may, from time to time, participate in joint marketing and financial professional educational events.

As part of its due diligence reports for Advisors, Envestnet may review Funds affiliated with BlackRock and Envestnet may also utilize Funds affiliated with BlackRock in its investment strategies. While Envestnet has dedicated certain resources to review BlackRock affiliated Funds and streamline the operational processes for the availability of BlackRock strategies and Funds on Envestnet's platform, these BlackRock affiliated Funds and strategies are subject to the same level of review that Envestnet applies to all Funds in the applicable category in order to prevent or mitigate the conflicts of interest. Envestnet may also collaborate with BlackRock to develop and offer co-branded investment strategies.

Conferences

Envestnet solicits sponsorship contributions from Fund and investment strategy managers, including but not limited to BlackRock, Vanguard, or JPMC, to defer the costs associated with Envestnet conferences and events. Depending on sponsor-level, contributors will be provided 'mainstage' sessions on technology and investments, and highlighted break-out sessions for Advisor and Institutional guests of the event. Envestnet may receive contributions in excess of the costs associated with the event.

Envestnet participates in Advisors' and Broker-Dealers' sponsorship programs and conferences and pays annual commitment fees for participation in such programs.

Premier Partnership Program

Registrant's affiliate, Envestnet has entered into a relationship with certain investment managers under which Envestnet provides technology, research and marketing services as well as unique opportunities to develop co-managed products and services through its wealth management and technology platforms (the "Premier Partnership Program"). The investment managers participating in the program with Envestnet are BlackRock Investment Management, LLC, SSGA Fund Management, Inc., Fidelity Institutional Wealth Adviser, LLC, and the affiliated registered investment advisors of Franklin Templeton listed below (each a "Premier Partner").

While the Premier Partnership Program offers participants various subscription services, waived fees, support features and sales data, Envestnet also markets certain investment advisory services provided by the Premier Partners to Advisors using the Envestnet platforms for which it is compensated (the "Premier Partner Managed Accounts Program Assets"). As such, Envestnet is deemed to provide "endorsements" of the Premier Partners within the meaning of Rule 206(4)-1 under the Advisers Act, which governs the marketing activity of SEC-registered investment advisers.

Premier Partners pay this compensation to Envestnet and not to Registrant or other Envestnet affiliates. However, this arrangement creates conflicts of interest for Envestnet as it creates an incentive for Envestnet to treat the Premier Partners more favorably than other asset managers on the Envestnet platforms, and to avoid providing advice or otherwise taking actions not advantageous to the Premier Partners and their investment strategies. In particular, it generates an

incentive for Envestnet to treat the Premier Partners more favorably in Envestnet's research evaluations of these investment managers as compared to other investment managers available on the Envestnet Platform. The payments by the Premier Partners also create an incentive for Envestnet to recommend the Premier Partner investment strategies and services over other asset managers and select these asset managers' strategies in populating sleeves in Envestnet's proprietary portfolios and when creating custom solutions in consultation with Advisors.

Envestnet manages these conflicts of interest in a number of ways. Envestnet applies the same quantitative and qualitative criteria in evaluating the Premier Partners and their investment strategies as it does to other asset managers with models and strategies on the Envestnet Platform. In addition, Envestnet ensures that its research personnel evaluating the Premier Partners and other investment managers limit their relationship to fulfilling their due diligence oversight duties and are not engaged in the marketing, sales activities, fee negotiations, or relationship management of the Premier Partners. And lastly, the decision to invest in any particular investment strategy that is part of the Premier Partnership Program for a client account is determined by the Client's Advisor in conjunction with the Client and not by Envestnet.

Certain of the Premier Partner parent companies are publicly traded companies and these securities can be contained in financial indexes. Envestnet's affiliate, QRG Capital Management, Inc. ("QRG") constructs portfolios using a subset of the designated financial index to track that index, employing optimization techniques to align the portfolio's risk characteristics with those of the index benchmark and Envestnet leverages these QRG portfolios. The quantitative process utilizes a portfolio optimizer which is consistent in its methodology. Neither QRG nor Envestnet receive compensation in connection with any particular security held in an investment strategy.

In addition, Envestnet may utilize a Premier Partner Fund in its proprietary strategies and in the ActivePassive™ ETFs. Envestnet is not compensated for the inclusion of any Premier Partner Fund in its discretionarily managed investment strategies or the ActivePassive™ ETFs and the determination to use such Funds is made independently of the Premier Partnership Program.

Premier Partner Managed Accounts Program Assets consist of assets invested pursuant to the Premier Partner's investment models/strategies utilized in:

- UMA-eligible Premier Partner SMAs customized or optimized by Envestnet on Premier manager's behalf;
- Standalone SMAs customized or optimized by Envestnet on Premier manager's behalf;
- Premier Partners Strategist UMA models;
- Outsourced Consulting models created by Premier Partner for individual client use;
- Premier Partner FSP in the RIA Marketplace, a program where the components of the Program Fee, such as Envestnet's implementation and platform fees, are waived;
- Premier Partner FSPs utilized in Envestnet's Trust Exchange, a program designed to efficiently enable Advisors to establish and service trust accounts managed on the Envestnet Platform;
- Assets in new accounts invested in Premier Partner FSPs utilizing interval funds;

- Assets in new accounts invested in Premier Partners' option investment strategies (including strategies managed by SpiderRock Advisors, LLC).

Depending on the fees negotiated with each Premier Partner, Envestnet is compensated by the Premier Partner for participation in the Premier Partnership Program through the combination of (i) a base annual fee that can be up to \$4.5 million, in addition to either (ii) a fee of up to 5 basis points on Premier Partnership Program Assets or a tiered flat fee of up to \$2 million for every \$4 billion in Premier Partnership Program Assets or \$1 million for every \$2 billion in Premier Partnership Program Assets.

Envestnet discloses the conflicts of interest associated with the Premier Partner relationships in Envestnet's Form ADV Part 2A so that the Advisers are fully informed of the nature, scope and extent of these conflicts and can take them into consideration when making recommendations, selecting investments and otherwise providing advice to their Clients.

Affiliates of Franklin Templeton participating as Premier Partners are: Franklin Advisers, Inc. ClearBridge Investments, LLC, ClearBridge Investments (North America) Pty Limited, Franklin Managed Options Strategies, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC, Franklin Templeton Investment Management Limited, Franklin Templeton Investments Corp., Franklin Templeton Private Portfolio Group, LLC, Martin Currie Inc., O'Shaughnessy Asset Management, LLC, Putnam Investment Management, LLC, Royce & Associates, LP, Templeton Asset Management Ltd., Templeton Global Advisors Limited, Templeton Investment Counsel, LLC, Western Asset Management Company, LLC.

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

- A. Covered Persons must, at a minimum, comply with all applicable legal requirements, including applicable federal and other securities laws. Covered Persons may be held personally liable for any improper or illegal acts committed during the course of their employment, and ignorance of laws and regulations is not a defense. Covered Persons must comply with the requirements of U.S. Securities and Exchange Commission ("SEC") Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which imposes certain code of ethics obligations on investment advisers registered with the SEC.
- B. Registrant's code of ethics subjects Covered Persons to standards of business conduct and imposes a requirement to acknowledge written receipt of the code and amendments thereto, and to report violations of the code. Covered Persons are also required to pre-clear trades before directly or indirectly acquiring beneficial ownership in a limited number of securities, namely a limited offering such as private placements, hedge funds, private equity funds and limited liability company interests. In addition, certain persons called "Access Persons" must pre-clear trades of additional securities before directly or indirectly acquiring beneficial ownership in (i) an initial public offering (ii) any exchange traded equity or fixed income security (excluding securities issued by the U.S. Federal

Government or other foreign federal issuance), and (iii) any other securities placed on a restriction list by the Legal Department. When a pre-clearance request is submitted by an Access Person, a determination will be made as to the appropriateness of the transaction. If the trade appears unlikely to affect the market for the security, is clearly unrelated to the business of the Firm, and poses no conflict of interest with client trades, Compliance or authorized designee may grant approval. Access Persons also are required to provide periodic reports regarding their personal securities activities, including initial and annual holdings reports and quarterly transactions reports. They are also required to provide confirmations (or have their brokers promptly submit duplicate confirmations) of all personal securities transactions to the Compliance Department and are required to obtain written approval before they may invest in a limited offering (such as a private placement) or an initial public offering.

- C. Envestnet employees or related persons may have accounts with investment managers that Registrant recommends to Clients as part of its investment programs. In addition, Registrant employees or related persons may personally buy or sell securities that Clients also own in their accounts. Investment decisions for Registrant personnel may not be made at the same time or in the same manner as those made for Clients. Registrant or a related person may purchase or sell securities that are recommended to, or purchased, or sold for Clients. Personal securities transactions by persons identified as Access Persons with Registrant are subject to Envestnet's Code of Ethics. The Code of Ethics includes various reporting, disclosure, and approval requirements, described in the summary in Item 11.B. Registrant designed these requirements to prevent or mitigate actual or potential conflicts of interest with Clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person or the person's spouse, minor children, or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment at Envestnet.
- D. In accordance with SEC rules governing investment advisors, Registrant requires prompt reports of all securities transactions by Access Persons identified in the Code of Ethics as "Reportable Securities" transactions. Registrant further requires that all brokerage account relationships of such individuals, and related persons living in the same household be disclosed, that Registrant receive duplicate confirmations of transactions and/or custodial account statements, and annual certifications of compliance with the Code of Ethics from all Access Persons. Transactions in certain securities such as U.S. government securities, banker's acceptances, bank certificates of deposit, and commercial paper and shares of unaffiliated mutual funds are excluded from the reporting requirements.
- E. The responsibilities of Registrant's Chief Compliance Officer (or designee) include overseeing the regular monitoring and verification of compliance of Covered Persons with the requirements of the Code of Ethics, and reporting material violations to Envestnet's senior management. Covered transactions of the Chief Compliance Officer are reviewed by another officer (or designee) of Envestnet. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on Reportable Securities transactions. Envestnet's Chief Compliance Officer may recommend to management the imposition of more severe sanctions, including suspension

of personal investing privileges, up to termination of employment, in the case of certain types of violations.

- F. A copy of Envestnet's Code of Ethics can be obtained by contacting Envestnet at (312) 827-2800.

Item 12 Brokerage Practices

- A. For Institutional Investment Advisory Services, the Registrant does not require a Client to utilize any particular executing particular broker-dealer/custodian for execution and/or custodial services to the Client's Customers. In general, the Registrant routes trades directly to the custodian(s) of record. In the event that an Institutional Investment Advisory Service Client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct the Registrant to use a specific broker-dealer/custodian), Registrant has been requested in the past to use Cowen and Company, Knight Securities, and/or other broker-dealer custodians for trades and custodial services. Prior to engaging Registrant to provide investment advisory services, the Client will be required to enter into a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending other broker-dealer/custodian to Clients include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's Clients shall comply with the Registrant's duty to obtain best execution, a Client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for Client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for Client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Most trades are executed at a pre-negotiated rate of 1 (one) to 2 (two) cents per share which reflects the trade volume of Clients being blocked together. If Registrant requires the investment manager to separate block trades by Client/Customer, the executing broker will charge a much higher fee than if trade was executed as a single block. Registrant believes it is providing trading costs that are significantly lower for Clients by tying all parties together with its trading and systems connection.

Most orders for the Client's account are entered at the direction of investment manager, an entity independent of the Registrant and affiliates. Order processing and execution is facilitated by Registrant, including the selection and utilization of appropriate predetermined independent brokers. Client pays for costs of trade execution separate and in addition to the account fee. Registrant may directly place orders for the account through Registrant or the custodian trading desk.

Sometimes an investment manager (Alpha Provider) deems it necessary to utilize other broker-dealers to execute program trades, for example, in the case of thinly traded stocks. When an investment manager uses a different broker-dealer, the investment manager places a trade through its own trade desk and the investment manager has the executing broker "step out" of the portion belonging to program portfolios. By directing brokerage, Clients may not receive the benefit of the lowest trade price then available for any particular transaction, and Client account trade orders may not be able to be aggregated to reduce transactional costs. In essence, the investment manager has the executing broker give up the trades, who assess any related commissions and provide the electronic confirmation of the transaction to facilitate the settlement process. Since the Client is not assessed a commission by the executing broker-dealer, the Client and Advisor are usually unaware that another broker actually executed the trade.

1. The Registrant does not receive research, products, or services from broker-dealers or third parties in connection with Client securities transactions ("soft dollar benefits.")
2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant's clients are institutions (banks and other registered investment advisors) that typically have broker-dealers affiliates or relationships. These institutional Clients usually instruct Registrant to direct trading to these broker-dealers. Registrant receives no economic benefit for trading with these broker-dealers. Investors may not receive the most favorable execution because the brokerage is directed in such a manner.

For some Institutional Investment Advisory Services, Registrant has discretion to select the broker-dealer to execute transactions. Registrant generally uses Cowen and Company, and Knight, all of whom charge as low as one cent per share. Registrant receives no economic benefit for selecting the broker-dealer.

B. To the extent that the Registrant provides investment management services to Clients, the transactions for each Client account generally will be affected independently, unless the Registrant decides to purchase or sell the same securities for several Clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant'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 be averaged as to price and will be allocated among Clients in proportion to the purchase and sale orders placed for

each Client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

C. **Errors:** Although Registrant takes reasonable steps to avoid errors, occasionally errors do occur. Registrant seeks to identify errors and works with the Client's Advisor, SubManager and/or qualified custodian to correct the error affecting any Client account as quickly as possible, in order to put the Client in the position they would have been in had the error not occurred, without disadvantaging the Client or benefiting Registrant. Errors may be corrected by either the purchase or sale of a security as originally intended, or in the form of monetary reimbursement to the applicable Client account.

If the error is the responsibility of Registrant, any Client transaction will be corrected, and Registrant will be responsible for any Client loss resulting from an inaccurate or erroneous order. Registrant's policy and practice is to monitor and reconcile trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file. In the case of errors due to the inaction, or actions of others (Advisors, Sub-Manager's, Custodians), Registrant may help facilitate the error correction process, again in the best interests of our mutual Clients.

Item 13 Review of Accounts

- A. Registrant performs nightly reconciliation of Client accounts on the Platform against data provided by the Client's custodian. Exceptions are researched and appropriate corrections are made when necessary. Completely reconciled accounts are made available at the beginning of the next business morning.

Clients receive statements from the custodian at least quarterly providing a detailed list of holdings with valuations and account activity as well as confirmations of all securities transactions. In addition, depending on the Advisor, Clients may also receive a quarterly performance report prepared by Registrant showing the allocation of the assets in the account as well as the performance of the account during the previous quarter.

Advisors are responsible for reviewing Client accounts and are required to contact Clients on an annual basis to determine if there have been any changes to the Client's financial situation and stated investment objectives or if the Client wishes to impose any reasonable investment restrictions on the management of the assets in the account.

Item 14 Client Referrals and Other Compensation

- A. The Registrant has some institutional client relationships where all or a portion of the Registrant's fees are paid by the Client's broker-dealer. Registrant is directed by the Client to trade with that broker-dealer. The Registrant receives no additional benefit other than the fees due.

- B. Registrant does not compensate any non-supervised person for client referrals.

Item 15 Custody

Registrant does not have physical custody of client assets. The Registrant's advisory fees are typically charged to and paid by the Client's Fiduciary Agent on a quarterly basis. Those Clients' Fiduciary Agents may debit the Customer accounts for their advisory fees based on their own procedures and agreements.

In limited circumstances, Registrant shall have the ability to have its fee for each Customer debited by the custodian on a monthly basis. Those Customers are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance, when requested.

When Registrant is engaged to provide quarterly performance reports to Customers, Clients should compare these statements to those that they receive from their qualified custodian (bank, broker-dealer, etc.). Such reports should not be construed as custodial account statements, nor should they be used in place of the Customer's custodial statements.

Item 16 Investment Discretion

Clients can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a Customer's account, Clients shall be required to execute an agreement, delegating to the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the Customer's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not generally vote proxies on behalf of Clients. However, in very limited circumstances, when specifically requested by the Client, the Registrant may accept responsibility for voting Client proxies.

If the Registrant determines to vote Client proxies, appropriate principles, policies, and procedures have been developed to ensure that such proxies are voted in the best interests

and for the benefit of the Clients. These policies and procedures are relatively general in nature to allow the flexibility and discretion to use business judgment in making appropriate decisions with respect to Client proxies. It is Registrant's policy to vote Client shares primarily in conformity with Glass Lewis & Co. ("Glass Lewis") Investment Management or Glass Lewis ESG recommendations, in order to limit conflict of interest issues between Registrant and its Clients. Glass Lewis is a neutral third party that issues recommendations based on its own internal guidelines. Registrant votes Client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. Additionally, ProxyEdge retains a record of proxy votes for each Client. Glass Lewis does not consider specific client circumstances when providing its voting recommendations.

Registrant acknowledges and agrees that it has a fiduciary obligation to Clients to ensure that any proxies for which it has voting authority are voted solely in the best interests and for the exclusive benefit of its Clients. The policies are intended to guide Registrant and its personnel in ensuring that proxies are voted in such manner without limiting Registrant or its personnel in specific situations to vote in a pre-determined manner. These policies are designed to assist in identifying and resolving any conflicts of interest it may have in voting Client proxies.

- B. If Registrant does not vote Client proxies, as per its standard practice, Clients will receive their proxies or other solicitations directly from the applicable custodian.

Item 18 Financial Information

In certain circumstances registered investment advisors are required in this Item to provide you with certain financial information or disclosures about their financial condition. Registrant has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Bradley Larson, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.